

HOW TO INVEST IN SÃO PAULO



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ACKNOWLEDGMENTS

Investe São Paulo — São Paulo's Agency for the Promotion of Investments and Competitiveness — advises companies that wish to establish in São Paulo and also stimulates the expansion of existing enterprises in the State. In this publication, the Agency shows the investment opportunities in São Paulo, providing guidance to companies on the necessary steps to ensure success in business in the largest consumer market of Latin America. São Paulo's leadership and its dynamism are due to the virtuous combination of a group of factors: highly qualified workforce; world-class infrastructure; support to research, development and technological innovation; in addition to a chain of suppliers operating in all sectors. These are the ingredients, together with a multicultural receptivity, that give an excellent competitive advantage to the State. Investe São Paulo's partnership with Amcham aims at showing the vocation and competencies of the largest Brazilian State, which is one of the main investment destinations in Latin America.



A handwritten signature in black ink, appearing to read 'Luciano Almeida'.

Luciano Almeida, President – Investe São Paulo

The American Chamber of Commerce for Brazil, being the largest Amcham outside the United States, is constantly serving its members by building bridges for Brazilian businesses worldwide. Our foreign investment attraction efforts have also been a key leading point for Amcham. The How To Series is part of this initiative, with the support of some of our corporate members we are putting together strategic information on the most various aspects of doing business in Brazil. Over the last year the Brazilian economy has clearly demonstrated an outstanding economic performance. The country's business environment as well as foreign investment numbers are also very positive. The International Monetary Fund estimates that crisis apart, the Brazilian economy should grow on a 3.8% basis. The 2014 FIFA World Cup has been estimated in USD 56.8 billion and the 2016 Olympics USD 19.3 billion in investments. These events have had an impact on direct investments in the country and in infrastructure projects needed to hold these events in Brazil. It is now, more than ever, a strategic time for businesses opportunities in Brazil. We welcome you and hope that the information you are about to read serves you best.



A handwritten signature in black ink, appearing to read 'Gabriel Rico'.

Gabriel Rico, CEO – AMCHAM Brazil

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DESTINATION: SÃO PAULO, BRAZIL

São Paulo is the main business destination in Brazil. Companies that establish in São Paulo State are in the largest consumer market in Latin America, with an abundant skilled workforce, a chain of suppliers from all sectors and an advanced environmental law. In addition, their executives and employees have the opportunity to live in one of the most cosmopolitan areas in the planet, with various cities offering standards of living that are among the best in Brazil.

The State is where all the ingredients for success of your business are found.

São Paulo's highlights:

- Largest GDP among Brazilian states: USD 684.7 billion, equivalent to 33% of Brazil's total;



In the map above, São Paulo State is highlighted.

- Largest consumer market in the country;
- Main hub of wealth in Brazil;
- Largest center of business tourism in Brazil (45 thousand events a year);
- Largest center of research and development in Brazil;
- Largest economic hub in South America;
- Largest labor market in Brazil;
- Greatest highway infrastructure in the country and presence of the largest port in Latin America.

Over the next pages, you will find out how to invest in São Paulo and understand why São Paulo is one of the major destinations for investors from all over the world.



Aerial view of the metropolis of São Paulo.

SÃO PAULO STATE PROFILE

- Capital: São Paulo;
- Number of municipalities: 645;
- Area: 248 thousand km²;
- Population: 41 million.



São Paulo State's highway network is among the best and most modern in Latin America.

Economy

São Paulo stands out in the national context for its robust and diversified economy and accounts for approximately 33% of the Brazilian Gross Domestic Product (GDP), USD 684.7 billion. The agriculture sector in São Paulo has revenues of approximately USD 10 billion a year and generates 330 thousand direct jobs. The industrial sector has a solid technological base, generating products with high added-value and the State is the largest national hub in the service sector, hosting 28% of businesses in the country.

Environment

Environmental protection is one of the main concerns of São Paulo State. Having approximately 3% of the Brazilian territory, São Paulo has one of the most thorough environmental laws in the country. São Paulo State has 43.5 thousand km² of native vegetation (17.53% of its territory), 26.8 thousand km² of rain forest (10.79%) and 36.6 thousand km² of protected areas - full preservation and sustainable use (14.74%).

The predominant weather in the state is tropical, with hot and humid summers and dry winters. The weather variation is relatively small among the various regions in the state and temperatures allow outdoor activities throughout the year.

Financial Services

São Paulo hosts the headquarters of the largest banks in Brazil, as well as the Brazilian Stock, Mercantile and Futures Exchange (BM&FBovespa), the largest stock exchange in Latin America and in the Southern Hemisphere. In 2010, the financial volume negotiated in the stock and securities market reached the record of almost USD 1 trillion.

Human Development

Regarding life conditions, São Paulo State has one of the best national performances, with a Human

Development Index (HDI) of 0.82. In the past years, significant improvements in longevity and in education in the State's cities have been observed. This is due to, respectively, the reduction of child and young adult mortality rates and to the increase in early childhood education coverage, as well as in the completion rate of elementary school and high school.

The state network of public and private health institutions is large, hosting centers that are benchmark nationwide and worldwide. São Paulo also has excellent educational institutions, from elementary school to higher education, contributing to the formation of a labor market distinguished for its outstanding qualification.

Immigration

São Paulo is the most cosmopolitan state in South America, having received approximately three million immigrants from 70 different nationalities through the 19th and 20th centuries. The largest Italian, Portuguese and Japanese communities outside their countries are here. There has also been a strong presence of other communities in São Paulo, such as the Arab, the German, the Korean, the Chinese, the Spanish and the Dutch.

Infrastructure and Logistics

São Paulo has the best highway network in the country with 33 thousand km of roads, as well as the largest

cargo airport in Latin America and the second largest in the Southern Hemisphere in international flights.

The largest helicopter fleet in the world is also here. Another highlight of São Paulo is the largest port in Latin America in transported cargo, the Port of Santos, where 96 million tons are loaded annually. Such transportation network is complemented by waterways (2.4 thousand km) and railways (4.7 thousand km) and by the pipeline network.

AIRPORTS

São Paulo State has 36 airports, five of which (Congonhas, Guarulhos, Campo de Marte, Viracopos and São José dos Campos) are managed by Infraero, a company owned by the Federal Government, and 31 are operated by the Airport Department of São Paulo - Daesp, located in some of the major cities in the state. The growing business of regional flights will stimulate improvements in the state's airports.

Two of the airports with the largest volume of passengers in the country are in São Paulo: Congonhas Airport, located in the capital; and São Paulo International Airport, in Guarulhos. In 2010, over 42 million passengers travelled using these airports, which is 27% of the total traffic recorded in the airports operated by Infraero throughout the country.

São Paulo International Airport, in Guarulhos, is also important in cargo transport, together with Viracopos International Airport, in Campinas. In 2010, these airports accounted, together, for 52% of all cargo transported in the country's airports (384.6 thousand and 263.8 thousand tons, respectively).



Congonhas Airport, located in the south of the city of São Paulo.

ENERGY

São Paulo State's economic potential is supported by a consolidated energy matrix with renewable sources, such as sugarcane, which accounts for 29% of the total supply of energy produced in the State, and hydropower, which accounts for 8%. Petroleum and its by-products, natural gas, coal, wood and other sources take part with 46%, 5%, 2%, 1% and 1%, respectively.

São Paulo accounts for 22% of the hydroelectric power production in Brazil and for 61% of the country's ethanol production. This consolidates São Paulo as a leader in renewable energy. The energy matrix of São Paulo (with a share of 54.7% of renewables) is cleaner than the Brazilian average (45.9%) and considerably cleaner than the world average (12.9%).

São Paulo has also the hydrocarbon reserve of the Santos Basin, which stretches across the entire coast of

São Paulo and constitutes the most promising exploitation area in the Brazilian coast.

HIGHWAYS

São Paulo State's highways are among the best and most modern in Latin America. The highway network in São Paulo connects the states of the North, Northeast and Center-West to the South and Southeast and it transports goods from the Port of Santos to all over Brazil and to several countries in South America.

The Mário Covas Beltway, an important asset for the state's and the country's logistics, aims at relieving the capital's traffic and enabling the connection among the various state highways, deviating the passing traffic flow to the vicinity of São Paulo's metropolitan area. With a total length of 176 km and connecting the ten highways that lead to São Paulo, the beltway constitutes a fundamental link between the state's countryside, other regions in the country and the Port of Santos.



Aerial view of a section of the Mario Covas Beltway.

PIPELINES

São Paulo State has the largest and most important pipeline network in Brazil, which transports a substantial amount of oil, ethanol and natural gas.

Responding to the strategic position of the state in the sugarcane sector, Petrobras is implementing the Ethanol Logistics Multimodal System, which consists of enlarging the pipeline and waterway infrastructure to transport ethanol from the producing areas in São Paulo and in the Center-West to the domestic and export markets.

This System, which involves investments of nearly USD 4 billion, contemplates, in addition to adaptations and improvements in existing facilities, the construction of new pipelines, terminals, collection centers and intermediate pumping stations. Starting in 2011, the transport of ethanol through the pipeline system will interconnect Paulínia, São Paulo's metropolitan area and Rio de Janeiro.

Natural gas from the Brazil-Bolivia Gas Pipeline and from the Campos and the Santos Basins is distributed by three concessionaires.

PORTS

The Port of Santos, the largest in South America, is located in São Paulo State. In 2010, the turnover of exports and imports in Santos totaled USD 95.8 billion — 25% of the Brazilian trade flow — of which 37% was of general cargo, 47% of bulk solid cargo and 16% of bulk liquid cargo.

Located in an area of 7.8 million m², 13 km of quay

and 62 berths, 11 of which are private, the Port of Santos has specialized terminals for grains, fertilizers, bulk liquids, vehicles and containers. The latter is the largest in Latin America, with 550 thousand m².

Also in São Paulo State is the Port of São Sebastião, which has the third largest natural draft in the world and ambitious expansion plans.

RAILWAYS

The railway network in São Paulo reaches all regions in the State and enables the intra-regional transport, connecting the producing regions in the states of São Paulo, Minas Gerais, Bahia, Sergipe, Goiás, Mato Grosso, and Mato Grosso do Sul to the Tietê-Paraná Waterway and to the ports of Santos, Rio de Janeiro, Itaguaí and Guaíba. There is also the interconnection between the Port of Santos and Paraguay and Bolivia, with the prospect of, in the near future, operating as a connection between the Atlantic and the Pacific.

TELECOMMUNICATIONS

The broad structure of telecommunications services integrates the State to the rest of the world, with excellent quality and speed. São Paulo hosts four of the 10 largest telecommunications companies in Brazil. There is availability of a wide range of telecommunications services, including mobile telephony, fixed telephony and broadband. Regarding the mobile telephone network, the GSM and CDMA coverages reach the entire State.

Highlights:

- 25% of the access to mobile telephony in the

country takes place in São Paulo State;

- São Paulo accounts for 63% of the revenues of call center companies in Brazil;

- Brazilian state with the largest production of cell phones;

- 99.8% of São Paulo's population is served by the mobile telephony system.

WATERWAYS

Being 2.4 thousand km long, the Tietê-Paraná Waterway has 10 reservoirs, 10 dams, 10 sluices, 23 bridges and 30 intermodal cargo terminals.

The main products transported by the waterway are: soybean, soybean meal, corn and its by-products, sand, limestone and fertilizers. The total cargo loaded in river ports in São Paulo State amounts to approximately 4 million tons.

Politics

The Brazilian political system is presidential, with three branches: the Executive, the Legislative and the Judiciary, which are represented, respectively, by the President, the Parliament (the National Congress of Brazil is divided in the House of Representatives and the Federal Senate) and the Supreme Federal Court. In the Federal Parliament, São Paulo is represented by 3 senators and 70 federal congressmen.

In São Paulo, every four years, 94 state congressmen

and one Governor are elected. Geraldo Alckmin is the current Governor of São Paulo.

Population and Territory

São Paulo is the most populated state in Brazil, with 22% of the Brazilian population. The urbanization rate is approximately 96%, with three Metropolitan Areas:

- The São Paulo Metropolitan Area comprises 39 municipalities and São Paulo City is its regional hub;
- The Santos Metropolitan Area comprises 9 municipalities and Santos is its regional hub;
- The Campinas Metropolitan Area comprises 19 municipalities and Campinas is its regional hub.

The extended metropolitan area of São Paulo is comprised of the metropolitan areas above; the urban agglomerations of São José dos Campos, Jundiaí, Sorocaba and Piracicaba; and the microregions of Bragantina and São Roque.

Professional Qualification

The State has a highly qualified workforce, with 1,465 higher education institutions, which represent approximately 32% of the Brazilian total, and 7.3 thousand undergraduate courses, which concentrate over 1.1 million vacancies or 37% of the national total. The Government of São Paulo manages three of the most important universities in the country, among which is USP (Universidade de São Paulo), having

been ranked, in July 2011, as the 43rd among the best universities in the world and considered the best in Latin America and in the Southern Hemisphere by the Webometrics Ranking of World Universities.

Technological Innovation

São Paulo State has the greatest and most varied science, technology and innovation system in Brazil, with 19 research institutions administered by the State (further information in the chapter “Benchmark in Research and Development”).

There is also the System of Technology Parks of São Paulo - SPTec, which consists of 30 Technology Parks initiatives and concentrates investments and generation of new knowledge-intensive companies. The private sector in São Paulo also stands out with

63% of the total investments in research and development in the state.

Tourism

São Paulo is the main business travel destination in Brazil, holding over 45 thousand events a year. It also offers a great variety of artistic, cultural and gastronomic options. São Paulo's coast is 622 km long, with beaches which receive international cruises and tourists from all parts of the world.

In the countryside, there are ranches, rural and ecotourism, cities with European weather, waterfalls, caves, rivers, mountain ranges, mineral water springs, natural parks, historical buildings dating back to the 16th, 17th and 18th centuries, Jesuit architecture churches and archeological sites.



Sala São Paulo: the headquarters of the State Symphony Orchestra and one of the most modern and well-equipped concert halls in the world.

BRAZILIAN ECONOMY LEADER

- Gross Domestic Product (GDP): USD 684.7 billion;
- GDP per capita: USD 16.6 thousand;
- Industrial Transformation Value (VTI)*: 37.4% of Brazil's total;
- Exports: USD 52 billion;
- Imports: USD 68 billion.

* Difference between the gross value of industrial production and the costs of industrial operations.

São Paulo State stands out in the national context. It has the most developed industrial park in the country and a labor market characterized by its qualified workforce.

The industry in São Paulo has a solid technological base, generating products with high added-value, with emphasis on the information technology — IT, aeronautic and automotive segments. São Paulo has approximately 27% of the commercial establishments in the country, as



Automotive factory located in São Paulo State's interior.

well as great supply and demand of services, which make it the largest national hub in the tertiary sector. The agriculture sector is also significant and shows high productivity levels.

Agribusiness

São Paulo State has an outstanding agriculture performance, with 30% of the national agribusiness and 20% of the Brazilian agricultural income. It is the world's largest orange producer, accounting for 40% of the world production and 77% of the domestic production. It is also the world's largest sugarcane producer, accounting for 59% of the country's production.

Major Agribusiness Products in São Paulo

Position in the National Ranking	Product	Volume in 2010	% of National Production
1 st	Orange	13.6 million tons	78
1 st	Sugarcane	408.5 million tons	60
2 nd	Chicken	184.6 million head	18

Source: Brazilian Institute of Geography and Statistics (IBGE), 2010.

These data show the strength of agribusiness in São Paulo, which employs technology to achieve ever better results, respecting strict environmental laws and providing support to rural workers.

Highlights:

- In addition to orange and sugarcane, São Paulo is also the largest national producer of table fruit and natural rubber (accounting for 59% of the domestic production);

- Largest exporter of beef in Brazil (approximately USD 2 billion per year);
- Sugarcane ethanol is produced sustainably, regarding social, economic and environmental aspects and it currently represents the best and most advanced existing option for the large-scale production of biofuels;
- The use of biomass has been the focus of the development of new technologies.

Industry

São Paulo State concentrates approximately 37% of the Industrial Transformation Value (VTI) in Brazil. The high technological complexity of the industrial productive structure in São Paulo is reinforced by the significant presence of innovative companies and the concentration of knowledge-intensive and information-intensive services, which ultimately add high qualification to the development of new products, processes and research and development activities.

Major Sectors:

- Automotive vehicle manufacturing;
- Chemical products;
- Food;
- Machines and equipment;
- Machines, devices and electric materials;

- Metal products;
- Petroleum and biofuel by-products;
- Pharma chemicals and pharmaceutical products;
- Rubber and plastic;
- Trucks and truck bodies.

In addition, São Paulo is the largest exporter in the aerospace industry in Brazil.

International Trade

São Paulo State exported approximately USD 52 billion in 2010, accounting for 26% of Brazilian exports. Approximately 38% of this value was generated by 15 products, among which the most important are sugar (derived from sugar cane and sucrose), airplanes, automobiles, ethanol, boneless beef, orange juice and mobile devices. Industrialized goods accounted for 89% of exports.



Ministry of Development, Industry and Foreign Trade, 2010.

Regarding imports, São Paulo accounted for 39% of Brazilian external purchases of industrialized products. With regard to basic products, the participation of São Paulo corresponded to approximately 24% of the total imported by the country. The United States, São Paulo State's major supplier, represented 19% of imports, followed by China (13%) and Germany (10%).



Ministry of Development, Industry and Foreign Trade, 2010.

In 2010, the state's volume of international trade grew by approximately 23% in exports and 34% in imports, compared to the previous year, which confirms the recovery of external sales and the strength of the State's economy after the global crisis of 2008.

Investments in São Paulo State

According to Fundação Seade (São Paulo State's statistical agency), USD 50.8 billion in public and private investments were announced in 2010, approximately 79% higher than the amount verified in

the same period in 2009 (USD 27.9 billion). These investments were made mainly by companies in the automotive, beverage, telephone and sanitation sectors.

FOREIGN DIRECT INVESTMENT

In the past 10 years, Brazil has received approximately USD 255 billion of foreign investments in the economy's productive sector. In 2010, USD 48 billion were received and the Central Bank estimates USD 55 billion for 2011. In the first half of 2011 alone, this type of investment reached USD 32.5 billion, the greatest value recorded since 1947, when this figure started being measured by the Central Bank.

Over the last few years, São Paulo State has received a substantial amount of this foreign direct investment flow, mainly in the telecommunications, energy, infrastructure, services, agribusiness and automotive sectors. These investments come from a wide variety of countries, with the United States and China standing out.

STATE INVESTMENT

Between 2011 and 2014, USD 39.4 billion from the State treasury is forecast for the following projects: rail passenger transport (USD 22.5 billion); road transport (USD 16 billion); ports (USD 406 million) and airports (USD 277 million). All these projects represent excellent opportunities for potential foreign and domestic investors through concessions or public-private partnerships (PPPs).

PUBLIC-PRIVATE PARTNERSHIPS

The public-private partnership (PPP) program of São Paulo State was introduced by Law 11688, approved by Governor Geraldo Alckmin on May 19th, 2004.

Under the PPP modality, companies execute and operate projects and are remunerated by the State through contracts with durations ranging from 5 years to 35 years, in accordance with Federal Law 11079 of 2004. For the Government of São Paulo State, the successful concessions of highways and natural gas distribution created a favorable environment for the implementation of PPPs. For instance, the new Imigrantes Highway was implemented in a private participation scheme within 32 months, with no need of government financial resources.

Some of the projects which are being analyzed and that can possibly be carried out through PPPs are: regional airports; the express train linking the center of São Paulo to the Airport of Cumbica; the Train of Guarulhos; the Campinas-Paraíba Valley Export Corridor and the expansion of the Port of São Sebastião. Other sectors that present potential for PPP projects are health, housing, sanitation, education and information technology.

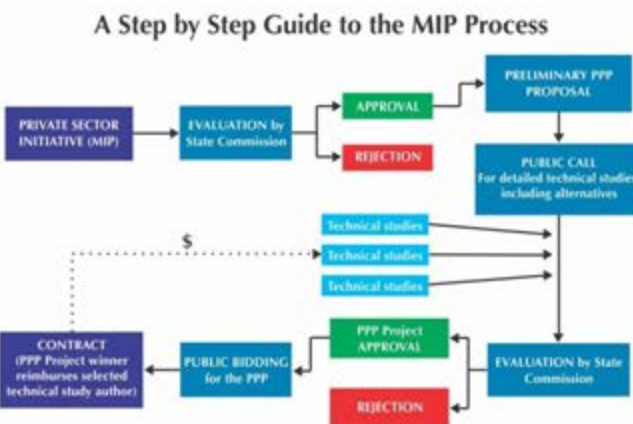
The technical coordination of the Public-Private Partnership program is performed by the PPP Unit, a technical and advising entity under the Secretariat of Planning and Regional Development.

Private Sector Initiative: the Government of São Paulo State introduced, through decree 57289 of 2011, the Private Sector Initiative (MIP). It is a fast, economical

and transparent means to promote foreign and domestic investment to projects of interest to the State. The decree has established a formal communication channel between the market and the government and helps bridging the gap between government investment plans and their implementation. It is a procedure that allows investors to put forward proposals for investment projects in the format of PPPs.

With this new instrument, the State opens its doors for private investors to identify business opportunities in which they are willing to invest, enabling the implementation of State projects requiring large sums of funds and, at the same time, leveraging the capability of the State to invest in strategic areas, such its social policy.

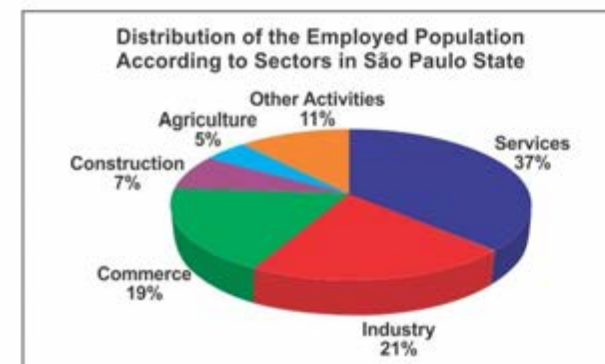
The MIP is a mechanism that will centralize receipt, publication, analysis and approval of proposals, studies and projects sent by the private sector, according to the general rules set out in the PPP Program.



Labor Market

The labor market in São Paulo is characterized by its great availability of qualified workforce. Most of the employed population in São Paulo State has studied, at least, for 11 years. The proportion of employed people with 15 or more years of study is 36% higher in São Paulo than the Brazilian average.

In 2009, 37% of the employed population in the State was concentrated in the services sector. Industry and commerce accounted for 21% and 19%, respectively, followed by construction and agriculture.



Source: IBGE. National Research through Residence Sample, 2009.

Services

São Paulo State is the most important services center in the country. The service sector accounts for over 70%

of the state's GDP. The existing relationship between the demographic, social and industrial dynamics in São Paulo render a high supply and demand of services provided to companies, as well as services provided to the final consumer, in addition to the services for the health, education and infrastructure areas.

Major Segments:

- Information and communication services;
- Professional, administrative and supplementary services;
- Transports, transport auxiliary services and mail.

Trade

Important segment of the services sector, trade in São Paulo State accounts for one third of Brazil's total, with USD 279 billion of gross revenues having been generated in the State. Retail is the most important segment of the state's commerce, with 47% of its marketing margin. It is followed by wholesale (42%) and vehicle, autoparts and motorcycle commerce (11%). Having approximately 350 thousand establishments and 2.7 million jobs, retail is the greatest employer, since 71% of the employed people work in this sector.

QUALIFICATION OF HUMAN RESOURCES

The State of São Paulo administers three large centers of higher learning, research and public outreach: University of São Paulo (USP), São Paulo State University (Unesp) and University of Campinas (Unicamp). These universities are recognized as the most important in all of Latin America.

In addition to these institutions, São Paulo also administers, by means of the Paula Souza Center, an extensive network of Technical Schools (Etecs) and Technical Colleges (Fatecs), both of which provide professionals with skills for the state's industries. The campuses of the state universities and of the technical colleges (Fatecs) are distributed statewide.

Paula Souza Center | Vocational Education

In São Paulo, the largest expansion of vocational education in Latin America is currently underway. This is happening by means of the Paula Souza Center, which administers the technical schools (Etecs) and the technical colleges (Fatecs).

There are more than 245 thousand students enrolled in secondary, technical and college level technical schools. At the technical level, for the industrial, agricultural and service areas, there are more than 150 thousand students in 91 facilities. The Fatecs have 47 thousand students in 51 college level technological courses.

To learn more, please visit their website at www.ceeteps.br



Students researching in a computer room at Fatec, one of the main institutions of vocational education in São Paulo State.

Unesp | São Paulo State University

Unesp offers 169 courses for undergraduates and 115 different postgraduate programs. The university has one of the highest levels of scientific production of any institution in Brazil, contributing to research and development of new technologies in the more than 1.9 thousand laboratories that it maintains statewide.

Unesp is the most successful model of a multicampus university in Brazil. Such unique characteristic allows intense and diversified activities in São Paulo. Its influence can be recognized by the level of regional development where its campuses are located: one in the State capital and 22 others strategically distributed throughout the State. The university has approximately 35 thousand undergraduate and 12 thousand graduate students. There are nearly 3.3 thousand faculty members, 93% with a Ph.D.

To learn more, please visit their website at www.unesp.br

Unicamp | University of Campinas

Unicamp offers 58 different undergraduate courses and 141 postgraduate programs and contributes with 15% of all university research carried out in Brazil. The university has approximately 17 thousand undergraduate and 20 thousand graduate students. There are nearly 1.8 thousand faculty members, 98% with a Ph.D.

Unicamp has three campuses – in Campinas, Piracicaba and Limeira – which are home to 22 teaching and research centers. It also has a vast hospital complex (two large hospitals in Campinas, and one in each of the neighboring towns of Sumaré and Hortolândia); 23 interdisciplinary centers; two technical high schools; and a series of support units within a universe of about 50 thousand people in which thousands of research projects are carried out.

To learn more, please visit their website at www.unicamp.br

USP | University of São Paulo

The University of São Paulo (USP) is the largest higher education and research institution in Brazil. It has outstanding projection around the world, especially in Latin America, and develops a large number of Brazilian masters and doctors who work in higher education and research institutes. Many of students, after graduation, hold strategic and leading functions in different segments of public and private industries.

USP is composed of seven campi, 40 learning and research units, five hospitals, five museums, five specialized institutes, besides multiple experimental laboratories and centers of scientific and cultural diffusion. It comprises all areas of the human activity and offers approximately 700 regular courses. There are 230 undergraduate courses (including different habilitations), with more than 3,4 thousand disciplines, and an average of 5,5 thousand students graduate annually. The university has approximately 57 thousand undergraduate and 26 thousand graduate students.

Graduate studies at USP, with more than 500 fields of concentration areas (MAs and PhDs), are an international point of reference in science and technology, producing 28% of Brazil's scientific research.

To learn more, please visit their website at www.usp.br



The Luiz de Queiroz College of Agriculture is one of the most important institutions of the USP.

BENCHMARK IN RESEARCH AND DEVELOPMENT

Many different companies, organizations and institutions in the field of research and development are located in São Paulo State. Below are some of them.

Adolfo Lutz Institute

The Adolfo Lutz Institute is internationally recognized for its competence to respond to instances in its areas of expertise: bromatology and chemistry, medical biology and pathology. The institute has been accredited by the Ministry of Health as National Public Health Laboratory and Macro-regional Benchmark Laboratory. It is a collaborating center of the joint program to monitor contaminants in food developed by the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO).

The Institute is also a benchmark for analytical quality control of mycotoxins and pesticide residues; national coordinator of the monitoring program of extraneous substances in food; national benchmark center for laboratory diagnosis of HIV; collaborating center of the Pan American Health Organization (PAHO) in the areas of arboviruses, influenza virus and manufacture of immunobiological products and PAHO collaborating center for cell cultures.

To learn more, please visit their website at www.ial.sp.gov.br

Biological Institute

The Biological Institute offers significant solutions to agribusiness and transfers them to the productive sector. With activities in the fields of animal and plant health and in their relations with the environment, the institute contributes to development, production costs reduction, social inclusion and environmental protection, promoting population welfare.

To learn more, please visit their website at www.biologico.sp.gov.br

Butantan Institute

The Butantan Institute, linked to São Paulo State's Secretariat of Health, is one of the largest biomedical research centers in the world, accounting for more than 93% of immune serums and vaccines produced in Brazil, among which vaccines against diphtheria, tetanus, pertussis, hepatitis B, seasonal influenza and H1N1.

The Institute develops the following activities:

- Basic research and studies in Biology and Biomedicine, directly or indirectly related to public health;
- Scientific missions in Brazil and abroad through the WHO and PAHO, UNICEF and the UN;

- Cooperation with agencies of the Ministry of Health and of the State Secretariat of Health, National Institute of Health (U.S.) and the Bill & Melinda Foundation (Bill Gates foundation dedicated to research and community action in health) in fighting epidemic outbreaks.

Butantan has a beautiful park with 80 hectares and more than 62% of green area, attracting over 300 thousand visitors annually. It is one of the main tourist attractions of the city of São Paulo.

To learn more, please visit their website at www.butantan.gov.br

Campinas Institute of Agronomy (IAC)

The Campinas Institute of Agronomy (IAC) is the research branch of the São Paulo Agency for Agribusiness Technology, a subsidiary of the Secretary of Agriculture and Food Supply of the State of São Paulo. Founded in 1887, the institution's mission is to create and transfer science and technology to the agriculture sector, with the goal of improving systems from planting all the way to socio-economic development with environmental quality. The IAC's activities guarantee the availability of food to the population and of raw materials to industry, cooperating to assure both food supplies and the competitiveness of products in both the domestic and export markets.

To learn more, please visit their website at www.iac.sp.gov.br

Dante Pazzanese Institute of Cardiology

The Dante Pazzanese Institute of Cardiology is a leading cardiac care center in Brazil, linked to the São Paulo State Secretariat of Health. Its mission is to provide, with excellence, humanized healthcare to patients with cardiovascular diseases, promoting education and research.

To learn more, please visit their website at www.dantepazzanese.org.br

Forestry Institute

The Forestry Institute is a pioneering entity in terms of actions of nature conservation, holding a strong position in São Paulo's and Brazilian's forestry field, acting as a generator of sustainable economic activity, and in the protection of significant areas of primitive ecosystems.

The institute is a standout regarding forestry research for genetic improvement for increasing productivity in the production of pinus resin. This is an essential contribution to the sector, considering Brazil is currently the second largest resin producer in the world, behind China. In addition, the institute is a major producer of forest seeds and seedlings of native and exotic species for different purposes.

To learn more, please visit their website at www.iflorestal.sp.gov.br

Food Technology Institute (Ital)

The Food Technology Institute (Ital) is an institution for research, development and technological assistance. Ital's objectives include contributing to increased competitiveness for companies in both the domestic and export markets and the improvement of production processes through the introduction of technological innovations, as well as developing products and processes for food production and technological assistance for the establishment of new companies in the food industry. The institute also contributes to the formulation of public policies and to the elaboration of standards and rules.

To learn more, please visit their website at www.ital.sp.gov.br

Geographic and Cartographic Institute

The Geographic and Cartographic Institute aims to promote knowledge of the state territory. For this, it is dedicated to detailed and precise mapping, offering products such as charts and maps of São Paulo State, its regions and its municipalities. Among the services offered by the institute, the demarcation of municipal borders and the issuance territorial jurisdiction certificates must be highlighted.

To learn more, please visit their website at www.igc.sp.gov.br

Geological Institute

The Geological Institute, linked to the State of São Paulo Environment Secretariat, has as its primary mission to carry out scientific research in geosciences and the environment, generating knowledge necessary for implementation of public policies in the State of São Paulo. The institute has the capacity to study and enable projects in collaboration with diverse bodies of public and private initiative and acts mainly on the following subjects/areas: groundwater, mineral resources, natural disasters, environmental pollution, territorial zoning, conservation units management, basic geoscience surveys, information management systems and environmental education.

To learn more, please visit their website at www.igeologico.sp.gov.br

Institute for Technological Research (IPT)

The Institute for Technological Research (IPT) acts as a well-qualified link between universities, research centers and the private sector. Its main objective is to provide technological services and solutions that will increase the competitiveness of businesses in the areas of energy, transportation, oil and gas, the environment, construction, cities and safety. The institute has well equipped laboratories, a team of highly qualified researchers and technicians and acts in the segments of

innovation, research and development, technological services, meteorological development and support, technological information and education and is branching out into the areas of biotechnology, new materials and bioenergy.

To learn more, please visit their website at www.ipt.br



Technician working in a laboratory of the IPT.

Institute of Agricultural Economics (IEA)

The Institute of Agricultural Economics (IEA), within the São Paulo's Agency for Agribusiness Technology (APTA), linked to the Secretariat of Agriculture and Provision, was created in 1942, in order to research, analyze, generate and disseminate statistical data as well as economic information to comply with the demands of agriculture and society. The main objectives of the Institute are: developing socio-economic research on agriculture and cattle breeding; producing information and statistical data; public policy advising for the agricultural and cattle breeding sector; disseminating research results; keeping and making available a database.

IEA's present activities are directed towards researchers, teachers, students, government, producers, co-operative associations and all parties which need information on Agricultural Economics and Social relations.

To learn more, please visit their website at www.iea.sp.gov.br

Institute of Botany

The Institute of Botany is a State of São Paulo public organization linked to the Environment Secretariat. The Institute conducts research on plants, fungi and cyanobacteria aiming to conserve and protect Brazilian biodiversity, provide scientific information for the management of natural resources and raise public awareness about the importance of natural resources. The Institute of Botany manages 15 specialized laboratories, collections of living plants, the Botanical Gardens and the Biological Reserves of the State Park Fontes do Ipiranga, Alto da Serra de Paranapiacaba and Mogi Guaçu.

To learn more, please visit their website at www.ibot.sp.gov.br

Institute of Fisheries

The Institute of Fisheries is currently linked to the State of São Paulo Agribusiness Technology Agency (APTA), within the Secretariat of Agriculture and Supply, and its duties are:

- Conducting research for sustainable development

of the production chains of fisheries and aquaculture, seeking technological innovations that may increase productivity and improve the diversity and quality of production;

- Contributing to the regional sustainable development of agribusiness linked to fisheries and aquaculture.

According to its master plan, the mission of the Institute is to generate, adapt, disseminate and transfer scientific and technological knowledge for agribusiness in the area of fisheries and aquaculture, aiming at the rational use of living aquatic resources and the improvement of quality of life.

To learn more, please visit their website at www.pesca.sp.gov.br

Institute of Health

The Institute of Health of São Paulo State's Secretariat of Health is a benchmark organization in public health in Brazil. Its mission is to produce scientific and technological knowledge in the field of public health and to promote their appropriation for the development of public policies, to advise and assist in the training of human resources in line with the principles of universality, integrity, equity and social participation.

To learn more, please visit their website at www.isaude.sp.gov.br

Lauro Souza Lima Institute

For the State of São Paulo Secretariat of Health, the Ministry of Health and the World Health Organization (WHO), the Lauro de Souza Lima Institute is the benchmark in the field of general dermatology and in particular of Hansen's disease. In addition to the services in the field of dermatology, the institute also carries out activities related to research, education, physical rehabilitation, occupational therapy, physiotherapy and corrective plastic surgeries.

To learn more, please visit their website at www.ilsl.br

Nuclear and Energy Research Institute (Ipen)

The multidisciplinary approach in the activities of the Nuclear and Energy Research Institute (Ipen) is one of its main characteristics.

The Ipen operates in the area of the application of nuclear energy in industry, health, agriculture, radiopharmacy, radiochemistry, nuclear physics, biotechnology, laser, laser applications, chemical technology and the environment, science and materials technology, nuclear fuels, engineering of nuclear reactors and energy systems, hydrogen fuel cells, radioprotection, nuclear and radiologic waste.

To learn more, please visit their website at www.ipen.br

Pasteur Institute

Based on the binomial rendering of services X scientific research, the Institute seeks to solve problems related to public health, in particular to rabies. Three main activities can be highlighted in relation to the rendering of services: the virological diagnosis, serology for the evaluation of anti-rabies antibodies and ambulatory care.

The Pasteur Institute is Brazilian benchmark in virological diagnosis and syndicated laboratory to the PAHO/WHO, for studies of strains of rabies virus.

To learn more, please visit their website at www.pasteur.saude.sp.gov.br

São Paulo Research Foundation (Fapesp)

The São Paulo Research Foundation (Fapesp) is one of the main promoters of scientific and technological research in Brazil. It selects and supports, through non-refundable grants, scientific and technological projects in all fields of study: math and earth science, health, biological studies, agriculture studies, engineering, humanities, applied social sciences, linguistics and liberal arts. Beyond its support for academic research, Fapesp maintains innovative research programs aimed at the private sector. The objective of these programs is to stimulate research by small companies or research undertaken in collaboration between privately funded researchers and researchers from São Paulo's scientific and technological institutions, such as universities and research institutes.

To learn more, please visit their website at www.fapesp.br

Zootechnics Institute

National and international benchmark for its scientific researches in the fields of animal production and pastures, the Zootechnics Institute's mission is to develop and transfer technology and inputs for the sustainability of animal production systems. With a herd of approximately 3,900 animals, the Institute offers support technology in the area of beef and dairy cattle, besides promoting scientific and technological development to increase productivity and quality of these productive chains and their derivatives.

To learn more, please visit their website at www.iz.sp.gov.br



São Paulo State has the most varied science, technology and innovation system in Brazil.

STRATEGIC SECTORS FOR INVESTMENT

São Paulo State receives investments in all economic sectors. It has an extremely diversified market, with emphasis on 11 strategic sectors for investments. Find more about their potentialities below.



Airplane manufactured by Embraer, one of the largest aerospace companies in the world.

Aerospace and Defense

The world aerospace industry is constituted by a small number of global actors, among which Embraer. Over 40 years old, Embraer is one of the largest aerospace companies in the world and its headquarters are in São José dos Campos, São Paulo.

This sector employs 23 thousand people in Brazil and 26% of the its employees have a bachelor's degree, against 6% of the transformation industry. This sector invests heavily in research and development and has cooperation projects with 23 information technology and communication centers, 12 of which are in São Paulo State.

In 2010, the aerospace industry accounted for 7.9% of the exports from São Paulo and its major market was the European Union.

Highlights:

- Largest aerospace industry in the Southern Hemisphere;
- Industrial activity of high technology and added-value;
- Embraer imports 80% of its inputs. Excellent opportunity to develop the supply chain in the state, with high added-value and exporting potential;
- Companies in the Brazilian aeronautic productive chain receive financing through the Pro Aeronautics Program of the BNDES (Brazilian Development Bank);
- In Brazil, São Paulo State accounts for 98% of the personnel employed and 99% of the Industrial Transformation Value (VTI) in the aeronautic industry.

Automotive

The Brazilian automotive complex has factories in nine states, 40% of which are in São Paulo, cradle of the national automobile industry, which has attracted, in the last ten years, approximately USD 17 billion in investments.

In the automotive parts sector, the share of São Paulo's industry has been increasing compared to the country's total. Brazil has 1,859 companies and 2,227 local units (Brazilian Institute of Geography and Statistics - IBGE, 2008), and 40% of these units are in São Paulo. The State accounts for 63% of the Industrial Transformation Value (VTI) and 56% of the employed people in the sector.

Highlights:

- Brazil is the 6th largest producer of vehicles in the world;
- São Paulo accounts for over 47.9% of the Brazilian production;
- Forecast of production increasing from 3.5 million units in 2009 to 5 million units in 2012;
- Leader in the flex fuel technology, with possibilities to develop, on a commercial scale, hybrid and ethanol powered 2nd generation vehicles;
- Incentives from the "Pró-Veículo" Program (further information in the chapter "Tax Incentives").

Biotechnology

Brazilian biodiversity represents a great potential for the country to develop the biotechnology sector, one of the most promising sectors in the economy and that has grown sharply in the last years.

The companies in this area can be divided in seven categories: human health (diagnosis kits, vaccines, remedies and artificial skins etc.); animal health (diagnosis kits, vaccines, embryo transfers etc.); agriculture (plant cloning, molecular diagnosis, genetic

improvement etc.): environment (bioremediation, effluent treatment and degraded areas); bioenergy, inputs (enzymes, DNA extraction kits); and miscellaneous (diagnosis kits for human and animal diseases).

São Paulo State is a leader in this sector, with 38% of Brazil's bioscience companies and 39% of biotechnology companies.

Highlights:

- Brazil has the greatest biodiversity in the planet, with wide arable land, cutting edge agroindustrial technology, solid structure for research in farming and developing biotechnological processes;
- Leadership in genetic sequencing;
- One of the major bioethanol producers in the world;
- São Paulo State has an important role in the replacement of gasoline for biofuel-generated energy;
- Unrivaled location for clinical assays and the development of new medication.



Vaccine laboratory of the Butantan Institute.

Capital Goods

The capital goods sector accounts for the production of a joint complex of machines and equipment used in the production of other assets, maintaining a direct relationship with the production of the other sectors, in addition to playing an important role in the distribution and generation of new technologies.

In 2008, according to the Brazilian Institute of Geography and Statistics (IBGE), São Paulo accounted for 59% of the Industrial Transformation Value (VTI) in this sector in the country, which is equivalent to USD 11 billion and to 55% of the employed personnel (214 thousand employees) in the sector. The capital goods sector is among the five main industrial activities in São Paulo State.

The communication equipment, computer equipment and peripheral equipment sectors, along with the machines and equipment sector, have higher innovation rates than the transformation industry as a whole.

Highlights:

- The capital goods sector provides machinery and equipment to all the other industrial sectors;
- Activity responsible for large technology spillovers;
- The Institute of Technological Research and Development of the Machinery and Equipment

Industry — IPDMAQ — aims at stimulating entrepreneurial actions in technological research and development, and promoting an environment which supports companies in their effort to create competitive services and products.

Financial Services

The city of São Paulo is the financial center of Latin America. The main financial institutions operating in the country are headquartered in the city, including the Brazilian Securities, Commodities and Futures Exchange (BM&FBovespa), the fourth largest in the world market capitalization.

According to the Brazilian Central Bank, in December 2010, 30% of loans in the country were carried out in São Paulo.

São Paulo is also the location of the majority of all financial services provided to the Brazilian market, taking into account bank, insurance and securities operations.

Highlights:

- Latin America's largest financial center;
- The world's largest banks are located in São Paulo;
- Special credit lines available to companies in specific sectors of the economy.

Green Economy

São Paulo State was the first in Brazil to incorporate green economy in its political and entrepreneurial agenda. The state has a low carbon economy profile and the cleanest energy matrix in Brazil, with a 54.7% participation in renewable resources and the largest sustainable transport plan in the country.

By creating avant-garde laws, São Paulo was the first state to regulate issues such as solid waste (State Law number 12,300 of 2006) and climate change (State Law number 13,798 of 2009). Both laws open opportunities for new business prospects.

Major initiatives related to green economy in São Paulo State:

Green Economy Credit Line: “Nossa Caixa Desenvolvimento”, the development agency of São Paulo State, finances projects for small and medium companies that promote the reduction of greenhouse gas emissions, contributing to a low carbon economy.

International Green Economy Business Exchange: An international event in which the São Paulo State Government, representatives of the private sector

(entrepreneurs, business people and institutional representatives) and civic organizations, both Brazilian and International, with connections to the green economy, meet. The International Green Economy Conference, The Government with Open Doors (community service) and The Business Exchange (an area for the presentation of technologies, products and services) will all take place simultaneously during the event which will have 2,000 participants from all over the world.

Institutions: São Paulo is home to the Green Business Council and to the Brazilian Council for Sustainable Building. The state is also home to the largest basic sanitation (water and wastewater) company in Latin America (Sabesp) and the largest remaining reserve of Atlantic Forest in the world (the 315,000 hectare Serra do Mar Park). The park has reserves for sustainable development, a large quantity of genetic resources and a natural capital of inestimable value. With the recent movement towards a green economy, there are opportunities for the development of markets in all segments of the economy and in all stages of production. São Paulo is investing in the green economy as a development model of the present and of the future. This offers tremendous opportunities for investment, technological development and the generation of employment and income.

Fiscal Incentives for Green Economy	
ICMS Tax Exemption (Tax on the Sale of Merchandise and Services – VAT)	<ul style="list-style-type: none"> • Windmills for conversion of wind power into mechanical energy for the purpose of pumping water and/or milling grain; • Fluid pumps, not exceeding 2 HP, for use in continuous current photovoltaic solar energy systems; • Solar water heaters; • Photovoltaic generators; • Wind turbines; • Unassembled solar cells; • Solar cells in modules or panels; • Support towers for wind generators; • Fluorescent light bulbs.

CLIMATE CHANGE

In 2011, the Greenhouse Gas State Inventory pointed out the major sources of GHG emissions. In order to reach the reduction target in 20% up to 2020 based on 2005, major investments in transport, energy generation and agriculture will take place, in the public sector as well as the private sector.

Opportunities:

- Development and application of new low carbon technologies for all economic sectors;
- Production of capital goods for the generation of low carbon products;
- Development of management systems and software applications;

- Carbon credit projects;
- Increase in the supply of low carbon products in the retail market.

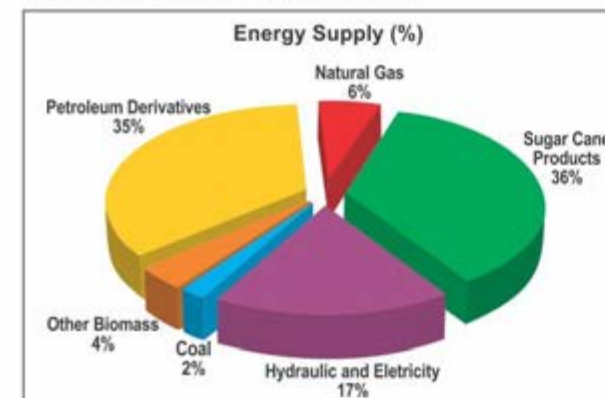
RENEWABLE ENERGY

São Paulo is the largest sugarcane producer in the world and sugar and ethanol exporter, with over 400 plants which produce ethanol, sugar and bioelectricity. Following the technological advances, 12 automotive plants already offer over 90 flex fuel car models and, thus, Brazil is the only country in the world where the use of an alternative fuel surpasses the use of gasoline.

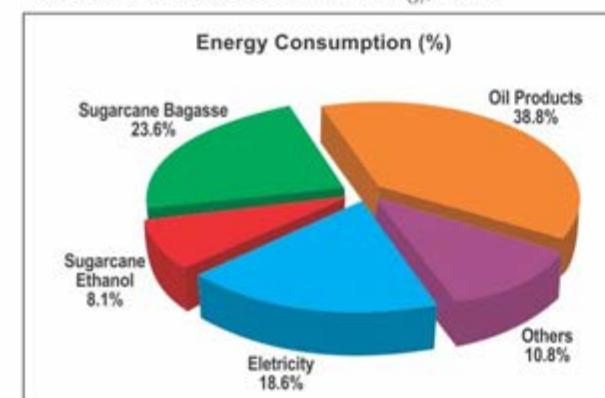
Besides ethanol, São Paulo has small hydroelectric central plants spread all over its territory and plants for the production of wind turbines. Despite the great

potential for generating solar energy, this sector is still being developed.

These characteristics place the State in an avant-garde position regarding technology development to generate renewable energy and open a wide field of opportunities for new investments.



Source: São Paulo State Secretariat of Energy, 2009.



Source: São Paulo State Secretariat of Energy, 2009.

Opportunities:

- Development and application of new technologies, such as energy recovery,

photovoltaic panels, LED technology, capital goods and energy-efficient technologies;

- Production of capital goods for the generation of renewable energy;
- Production of goods for the civil construction and energy auto-generating units, such as photovoltaic and energy self-sufficient panels;
- Development of management systems and software applications (energy-efficient) and smart grid systems.

SOLID WASTE

São Paulo has been investing in energy recovery, recycling and reversal logistics. The Solid Waste National Policy (National Law number 12,305 of 2010) has determined that, up to 2014, all cities shall have recycling systems and close their city dumps, thus creating a wide solid waste market to be exploited.

Opportunities:

- Development and application of new technologies, such as energy recovery, recycling and development of new renewable materials;
- Production of capital goods to manage waste treatment and destination;
- Waste processing to create new by-products; Industrial symbiosis;
- Development of management systems and software applications (life cycle analysis);

- Waste collection and screening for destination;
- Reversal logistics systems;
- Residue and by-product commercialization for reuse and recycling;
- Remanufacture of machine components, equipment and vehicles.

Health and Life Sciences

The largest network of reference hospitals in Latin America is located in São Paulo State. With its installed capacity for manufacturing medical, dental, hospital and laboratory equipment, the State is a platform for the exportation of electrical medical products and performs cutting edge research in genetics and biotechnology.

Highlights:

- São Paulo is home to Brazil's largest number of research institutes in the life sciences field;
- Potential for the development of new, high value-added products and new patents;
- 449 companies in this industry are currently operating in Brazil, of these 45% are located in the state's capital, São Paulo;
- Outstanding industries: dental equipment and suppliers, hospital suppliers (needles, syringes, gauze, among others) and hospital-medical equipment.

Information Technology

The State is the most important center for information technology in all of Brazil. The sector includes companies in the areas of development and sale of computer software, consulting, tech support, data processing services, equipment manufacturing, including computers and peripherals.

According to nationwide statistics from the Ministry of Labor and Employment, in 2009, 36% of these companies were located in São Paulo State.

Highlights:

- Brazil has the 7th largest market for Information and Communication Technology in the world and is the leader in the Latin American market;
- São Paulo is the largest market for its products in Brazil;
- The IT-BPO sector employs approximately 1.7 million people nationwide;
- The industry has been growing at an annual average rate of 6.5% per year.

Petroleum and Natural Gas

Four petroleum refineries are located in São Paulo State, accounting for 38% of Brazil's installed capacity. Diesel is the most produced fuel (43% of the total petroleum processed); followed by automotive

gasoline (20%), fuel oil (11.5%) and liquefied petroleum gas (6.7%).

By 2015, Petrobras should invest about USD 224.7 billion in the sector (USD 127.5 billion of which in exploitation and production), and investments from other oil companies will total USD 400 billion.

Petroleum Refineries - São Paulo State:

Refinery	Municipality	Capacity (thousand bpd)
REPLAN - Paulínia Refinery	Paulínia	365
REVAP - Henrique Lage Refinery	São José dos Campos	251
RPBC - President Bernardes Refinery	Cubatão	170
RECAP - Capuava Refinery	Mauá	53
TOTAL		839

Source: Petrobras.

Highlights:

- The discovery of new petroleum reserves in the so called pre-salt layer will turn Brazil into one of the world's leading oil producing countries;
- A large part of the pre-salt reserves are located in São Paulo State's territory;
- Brazil's largest network of suppliers to the petroleum industry is located in São Paulo;
- It is estimated that with the discovery of oil in the pre-salt layer, petroleum production in the region will reach the mark of 1 million barrels per day in 2017;

- Increasing demand for equipment and specialized workers;
- Although 60% of the chain of production should be comprised of products made in Brazil, this ratio has not reached 30% presently.
- The 2011-2015 Petrobras business plan forecasts USD 4.1 billion of investments in biofuels.



Oil rigs: the discovery of oil in the pre-salt layer places Brazil as the world's third largest producer, behind Saudi Arabia and Kuwait.

Pharmaceuticals

São Paulo State stands out nationally in the pharmaceutical section as it concentrates most of the health-connected industries. These companies are mainly located in the metropolitan areas of São Paulo and Campinas. According to the Brazilian Institute of Geography and Statistics (IBGE), in São Paulo State, 43% of pharmaceutical units in Brazil are located and 55% of the sector's personnel are employed.

Highlights:

- Brazil is the 9th largest market for drugs and medications in the world and São Paulo represents a large part of that market;
- Large producer of generic medicines;
- Considerable investments in research in the headquarters of pharmaceutical companies.

Plastics Processing

The plastics processing industry includes companies that utilize processes through which resins (polymers) are transformed into a variety of plastic products.

Currently, approximately one third of sales in the Brazilian plastic packaging industry (PET) come from recycling. The economic, social and environmental

benefits of these activities have generated investments aimed at developing a wide variety of uses for the recycled material. According to the Association of Brazilian Industries (ABI), 56% of potentially reusable PET materials are currently being recycled. According to ABIPET, a plastics industry organization, sales in the sector reached USD 1.72 billion in 2009 as a result of the recycling of 262 million metric tons of this material.

Highlights:

- Development of new processed plastics and new systems for recycling;
- Compared to other countries, Brazil has a high rate of recycling, not only of plastics, but of solid waste in general;
- Chain of production for companies of all sizes in various product groups.



In São Paulo State, 43% of pharmaceutical units in Brazil are located.

FIRST STEPS FOR OPENING A BUSINESS IN SÃO PAULO

For detailed information, read the guide “How to establish a company in Brazil”, which is part of the “How To” series published by Amcham Brasil (The American Chamber of Commerce in Brazil).

Association By-Laws

The By-Laws is a document designed to structure and regulate the operations of an association. It contains information such as the name of the organization, the rights and duties of the shareholders, the minimum capital (in the case of cooperatives), the method of operation and oversight of the organization, the formalities required for the call of general meetings, conditions for dissolving the organization and the necessary steps to be taken to amend the By-Laws. In the case of publicly-owned companies (S.A.) the investor should register the By-Laws with the State Board of Trade (Junta Comercial do Estado).

To learn more, please visit their website at www.jucesp.sp.gov.br

Business License

The business license is a document which authorizes a specific activity, taking into consideration the location, the type of activity, the environment, safety, morality and public order, among other criteria. No property can be destined for commercial use, without prior emission, by the municipal government, of the necessary license.

Corporate Taxpayer ID (CNPJ)

The CNPJ identifies a company for tax purposes before the Brazilian Internal Revenue Service, a subsidiary of the Ministry of Finance. The CNPJ is required for companies to enter into contracts, sue or be sued. To register a CNPJ number, investors should fill out the Basic Registration Document (DBE). This form must be signed by the company's legal representative and the signature must be notarized by an official notary office. The form can be accessed on-line on the website of the Brazilian Internal Revenue Service.

To learn more, please visit their website at www.receita.fazenda.gov.br

Declaration of Registration (DECA) and Declaration for the Classification of Economic Activity (DECAE)

The Declaration of Registration (DECA) is a company's register in the state tax system, and the Declaration of Economic Activity (DECAE) is the registration and classification (codification) of the company's economic activity. To obtain the DECA and the DECAE, investors shall address to the Finance Secretariat.

To learn more, please visit their website at www.fazenda.sp.gov.br

Determination of Trade Union Category

The determination of the union category is designed to correctly include workers in their profession's union, with the goal of guaranteeing the rights and benefits associated with their jobs. This determination is accomplished by complying with the specific requirements of each trade union.

Environmental Licensing

Environmental licensing is obligatory prior to the installation of any project or activity which could potentially pollute or have a negative impact on the environment. To obtain the environmental license, investors must receive, respectively, the preliminary permit, the installation license and the operation license, issued by Cetesb (Environmental Technology Company), an agency under the Secretariat of the Environment of the State of São Paulo.

To learn more, please visit their website at www.cetesb.sp.gov.br

Registration of the Articles of Incorporation

The Articles of Incorporation legally constitute new partnerships or companies. In the case of existing companies or partnerships, individuals or other organizations can join them by signing specific

contracts. A business or partnership must prepare and register the company's contract with the Board of Trade (Junta Comercial do Estado). In the case of non-commercial organizations registration is done at the Companies Registration Office.

To learn more, please visit their website at www.jucesp.sp.gov.br

Researching Company Names

A name search should be done at the Board of Trade (Junta Comercial do Estado) to determine if there are any other companies already doing business with that name.

To learn more, please visit their website at www.jucesp.sp.gov.br

Specific Registration (CEI) in the INSS (Social Security Service)

The CEI is a register administered by the INSS, the government Social Security Service, for companies not required by social security legislation to have CNPJ registration (for more information see "Corporate Taxpayer ID (CNPJ)" above). This register aims at identifying taxpayer to the INSS.

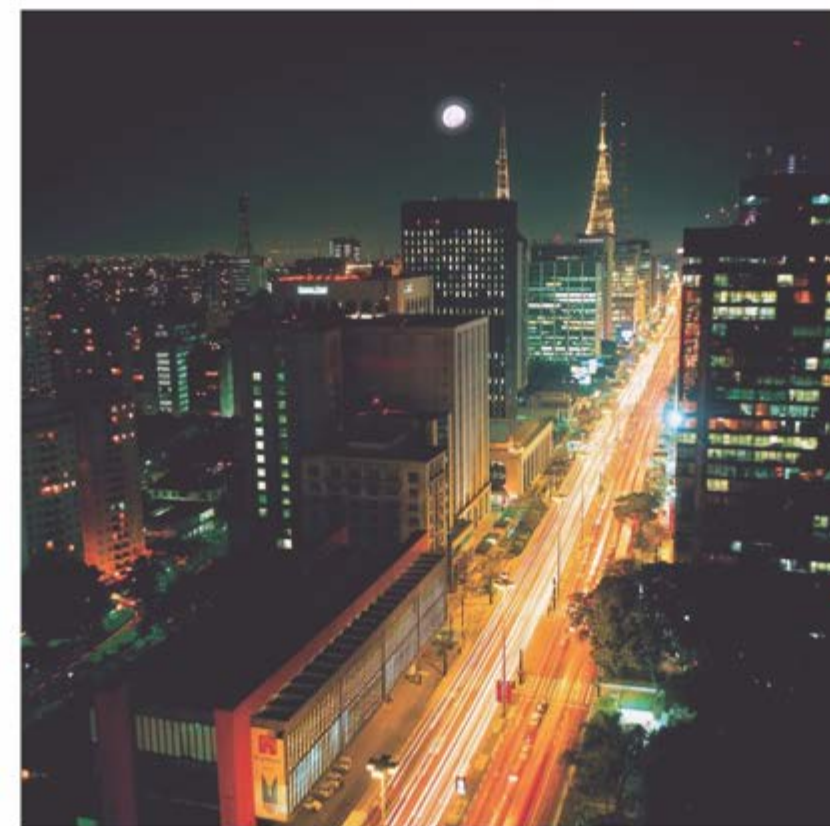
To obtain more information, or to register, visit the website of the Brazilian Internal Revenue Service: www.receita.fazenda.gov.br

Working in Brazil

In order to work in Brazil, foreigners must obtain a work permit, which is issued by the Ministry of Labor and required by Brazilian consular authorities before granting temporary or permanent visas.

For detailed information, read the guide "How to obtain visas for Brazil", which is part of the "How To" series published by Amcham Brasil.

To learn more, please visit their website at www.mte.gov.br/trab_estrang_ing



The famous Paulista Avenue became the greatest landmark of the city of São Paulo.

TAX INCENTIVES

With the objective of reducing cost of production and stimulating the growth of São Paulo's economy, the state government offers several fiscal incentives benefitting a wide range of sectors. Below are some examples:

- Reduction of the rate of the ICMS tax (VAT) levied on toys, leather goods and shoes, food products and cosmetics, among others, from 18% to 12%;
- Use by member companies of the São Paulo System of Technology Parks of ICMS credits granted until December 31, 2012, or liable to be granted, for payment of certain products as defined by law;
- The "Pró-Veículo" Program is an investment tax incentive for automobile manufacturers. Companies which present projects for investment in plant expansion and modernization, construction of new factories, development of new products or expansion of their businesses in the state can use ICMS credits granted until December 31, 2012, or liable to be granted, for payment of certain products as defined by law;

- The "Pró-Informática" Program is an investment tax incentive for investments by manufacturers of products for the electronic data processing industry. Companies which present projects for investment in plant expansion and modernization, construction of new factories, development of new technologies or products or expansion of their businesses in the state can use ICMS credits granted until December 31, 2012, or liable to be granted, for payment of certain products as defined by law;

- The "Pró-Trens" Program is an incentive for the railway industry which suspends the payment of ICMS taxes, on the importation of products not produced in Brazil.

Other tax benefits have also been granted for industries such as household appliances, wood products (MDF sheets), furniture and capital goods. All laws granting tax benefits in São Paulo State can be accessed on the website of the Finance Secretariat: www.fazenda.sp.gov.br

SOURCES OF FINANCE

BNDES

The Brazilian Development Bank (BNDES) is an agency of the Federal Government which provides long term financing for investments in all areas of the economy. Support from the BNDES is provided through the financing of investment projects, equipment purchases and exportation of goods and services. The Bank also provides resources to strengthen the capital structure of private companies and finances on a non-reimbursable basis projects that contribute to social, cultural and technological development.

To learn more, please visit their website at www.bndes.gov.br

Finep

The Studies and Projects Finance Organization (Finep), in conjunction with policies of the Ministry of Science and Technology (MCT), works in all aspects of the process of innovation. It supports both public and

private research, as well as development projects for companies of all sizes. Finep's funding is directed to actions that are strategic, structuring and of high impact for Brazil's sustainable development. Financing is provided through public selection and special programs and can be either non-reimbursable or reimbursable with special interest conditions.

To learn more, please visit their website at www.finep.gov.br

Nossa Caixa Desenvolvimento

The development agency of São Paulo State was founded in March 2009. Its role is to offer support and incentives, by means of credit lines, to promote the economic development of small and medium companies in São Paulo State. These credit lines offer special, below market interest rates, terms and conditions for investment and working capital.

To learn more, please visit their website at www.nossacaixadesenvolvimento.com.br

REGULATORY AGENCIES

Arsesp

The Basic Sanitation and Energy Regulatory Agency (Arsesp) has, as its main responsibilities, the regulation and supervision of services of distribution of gas from pipelines to consumers and of sanitation services owned by states and cities. In addition, it oversees companies that distribute electricity within the state of São Paulo.

To learn more, please visit their website at www.arsesp.sp.gov.br



State highways under concession: to build an access, authorization from Artesp is required.

Artesp

The São Paulo Agency for the Regulation of Delegated Public Transport Services (Artesp) is responsible for regulating and supervising private entities to which permits or concessions for any form of publicly authorized transportation have been granted. Among its responsibilities is the authorization for the construction of accesses to State highways that are operated as concessions.

To learn more, please visit their website at www.artesp.sp.gov.br

Cetesb

The Environmental Technology Company (Cetesb) is the State agency responsible for the analysis and granting of environmental licenses in São Paulo State. In addition, the control, supervision and monitoring of pollution generating activities is a Cetesb responsibility.

To learn more, please visit their website at www.cetesb.sp.gov.br

CONCESSIONAIRES OF PUBLIC SERVICES

Concessionaires of Electricity

São Paulo's electricity is distributed by private companies. There is one concessionaire responsible for each region.

In all there are 14 concessionaires:

- Bandeirante Energia:
www.bandeirante.com.br
- Caiuá Serviços de Eletricidade:
www.gruporede.com.br/caiua
- CLFM Companhia Luz e Força de Mococa:
www.cpfl.com.br/mococa
- CLFSC Companhia Luz e Força Santa Cruz:
www.cpfl.com.br/santacruz
- CNEE Companhia Nacional de Energia Elétrica:
www.gruporede.com.br/nacional
- Companhia Jaguari de Energia:
www.cpfl.com.br/jaguari
- Companhia Piratininga de Força e Luz:
www.cpfl.com.br/piratininga
- CPEE Companhia Paulista de Energia Elétrica:
www.cpfl.com.br/paulista
- CPFL Cia. Paulista de Força e Luz:
www.cpfl.com.br

- CSPE Companhia Sul Paulista de Energia:
www.cpfl.com.br/sulpaulista
- EEVP Empresa de Eletricidade Vale Parapanema:
www.gruporede.com.br/vale
- Elektro Eletricidade e Serviços:
www.elektro.com.br
- AES Eletropaulo:
www.aeseletropaulo.com.br
- Empresa Elétrica Bragantina:
www.gruporede.com.br/bragantina

Concessionaires of Natural Gas

São Paulo's natural gas is also distributed by private companies. There is one concessionaire responsible for each region.

There are three concessionaires:

- Gás Brasileiro:
www.gasbrasiliano.com.br
- Gás Natural Sul:
<http://portal.gasnatural.com>
- Comgás:
www.comgas.com.br

Concessionaires of Telecommunications Services

There are three telecommunications companies operating in São Paulo:

- CTBC Telecom:
www.ctbc.com.br
- Embratel:
www.embratel.com.br
- Telefônica:
www.telefonica.com.br

Sanitation Concessionaires

In São Paulo State, Sabesp - The Basic Sanitation Company of the State of São Paulo - serves 366 of the 645 municipalities, supplying sanitation services to a population of 26 million residents. In the remaining cities, sanitation services are provided by local governments.

To learn more, please visit their website at www.sabesp.com.br



There are 14 concessionaires of electricity operating in São Paulo.

USEFUL CONTACTS

1. Investe São Paulo: São Paulo's Agency for the Promotion of Investments and Competitiveness.
www.investe.sp.gov.br
2. ApexBrasil: Brazilian Trade and Investment Promotion Agency.
www.apexbrasil.com.br
3. Amcham: American Chamber of Commerce for Brazil.
www.amcham.com.br
4. ACSP: São Paulo Chamber of Commerce.
www.acsp.com.br
5. BM&FBovespa: Brazilian Stock, Mercantile and Futures Exchange.
www.bmfbovespa.com.br
6. Cetesb: Environmental Technology Company.
www.cetesb.sp.gov.br
7. Fiesp: Federation of Industries of São Paulo.
www.fiesp.com.br
8. Fecomercio: Federation of Trade, Goods, Services and Tourism of the State of São Paulo.
www.fecomercio.com.br
9. Sebrae: Brazilian Service to Support Micro and Small Enterprises.
www.sebraesp.com.br
10. Sefaz: Finance Secretariat of the State of São Paulo.
www.fazenda.sp.gov.br
11. Jucesp: Board of Trade of São Paulo.
www.jucesp.sp.gov.br

ABOUT OUR SPONSOR

Investe São Paulo — São Paulo's Agency for the Promotion of Investments and Competitiveness — is the one-stop-shop for companies planning to set up in the State, in addition to stimulating the expansion of businesses already installed. In order to help investors find the best location for their project, taking into consideration the needs of each company, Investe São Paulo has a team of specialists offering free advisory.

The Agency is linked to the Secretariat of Economic Development, Science and Technology, and its role is to present to companies the benefits available in the tax legislation of Brazil and of the State of São Paulo. Besides, Investe São Paulo simplifies the process of obtaining environmental licenses and assists with the development of infrastructure around the site of the plant, taking care of all the necessary networking with authorities and entities at the municipal, state and federal levels, necessary for the installation of the project.

The agency also suggests policies to attract new investments, both nationally and internationally, to São Paulo, with the objective of stimulating the competitiveness of the economy, technological innovation, reduction of regional inequality and creation of jobs and income for the population.

Investe São Paulo's mandate also includes the reception of foreign delegations, presenting them with investment opportunities in the state, prospecting new businesses, supplying information that will contribute to the development of São Paulo and the promotion of the image of the State as the destination for new investments.

The agency has a portfolio of projects in diverse sectors and countries that amounts to potential investments of USD 13 billion, with the capacity to create 42 thousand direct and 180 thousand indirect jobs.

Main Activities

- Assit investors in setting up companies in the state;
- Stimulate the expansion of companies already set up in São Paulo;
- Assist investors in identifying a location for the project;
- Provide information about sectors and businesses in the state;
- Assist in obtaining licenses;
- Facilitate contacts with public and private entities;
- Contact similar entities, both domestic and international;
- Receive foreign missions;
- Organize overseas missions focus on attracting investments to the state of São Paulo;
- Promote the image of the State of São Paulo internationally.

Steps in Advising a Project



PROJECT NEEDS

Investe São Paulo identifies the needs of the investor, size of the site, skilled labor, energy, gas, water, telecommunications, infrastructure, supply chain, environmental aspects, tax incentives and other factors.

SITE SELECTION

With the needs of the project identified, the Agency's project team will research their database to identify the best cities for each type of investment. The result of this type of search is a long list of cities. With the long list in hand, investors will analyze the information received and establish a short list, based on which an agenda of visits will be arranged.

SITE VISITS

With the short list of cities defined, it is time to take investors to visit each city with the objective of seeing the locations available for construction of the plant or factory. After these visits, investors will exclude some cities and begin a more detailed technical analysis of the quality of the properties that are really of interest.

ENVIRONMENTAL, TAX AND INFRASTRUCTURE PROCEDURES

The support of the specialists is present at every step during the process of implementation of the project, from the viability study all the way to the installation and beginning of operations.

PUBLIC ANNOUNCEMENT

Once the tax, environmental and infrastructure questions have been answered, investors inform Investe São Paulo in which city they have decided to install the future factory. This announcement may be public, or not, depending on the clients' wishes.

GROUNDBREAKING CERIMONY

The construction of the new factory is generally initiated with a groundbreaking ceremony, which can include business leaders and government authorities.

OPENING

For us at Investe São Paulo, the inauguration of a factory and the beginning of production are the most important parts of the process, because they represent the final result of assisting a company to bring jobs and income to the population of the State.

AFTERCARE

Investe São Paulo maintains contact with the

company, even after the investment has been concluded, to resolve any problems that the investor may have and to assist with possible plans for expansion.

Our Website

On the Agency's website (www.investe.sp.gov.br), you have access to tools for support of investors, with updated information. There you can generate maps that help with the identification of the locations for the installation of companies. There are also links to various government agencies and entities, in addition to news about new investments in the State of São Paulo.

Contacts

Investe São Paulo

Rua Bela Cintra, 847 | 6º andar | São Paulo | Brazil

CEP: 01415-903

Telephone: + 55 11 3218-5311

Email: investesp@investesp.org.br

Website: www.investe.sp.gov.br



Belo Horizonte

Rua Da Paisagem, 220
CEP: 34000-000 - Nova Lima - MG
Tel.: (31) 2126-9750
Fax: (31) 2126-9772

amcham.belo Horizonte@amchambrasil.com.br

Brasília

SHIS QI 5, Comércio Local
Bloco C 1º andar - Lago Sul
CEP: 71615-530 - DF
Tel.: (61) 3704-8017
Fax: (61) 3704-8037

amcham.brasilia@amchambrasil.com.br

Campinas

Av Dr José Bonifácio Coutinho Nogueira
150 - Ed. Galleria Plaza - 7º Andar - Sala
701

CEP: 13091-611
Tel./Fax: (19) 2104-1250 / (19) 2104-1275
amcham.campinas@amchambrasil.com.br

Curitiba

Rua Eurípedes Garcez do Nascimento, 1004
CEP: 80540-280 - Curitiba - PR
Tel.: (41) 2104-9357
Fax: (41) 2104-9368

amcham.curitiba@amchambrasil.com.br

Goiânia

Av. T-63 Monte Libano Center - Sala 220
Cep: 74230-100 - Setor Bueno - Goiânia - GO
Tel.: (62) 4006-1150
Fax: (62) 4006-1157

E-mail: amcham.goiania@amchambrasil.com.br

Porto Alegre

Prédio do CIEE - Av. Dom Pedro II, 861
8º andar
Porto Alegre - RS
Tel.: (51) 3345-9892 / 3345-9841
3345-9867 / 3345-9855 / 3345-9831

amcham.portoalegre@amchambrasil.com.br

Recife

Rua Gonçalves Maia 207 - Boa Vista
CEP: 50070-060 - Recife - PE
Tel.: (81) 3223-0000 / 3223-2603
3221-3452

Fax: (81) 3221-7470
amcham.recife@amchambrasil.com.br

Ribeirão Preto

Avenida Wladimir Meirelles Ferreira, 1525
Ufficio Commerciale San Paolo - Salas 01 e 02
CEP: 14021-630 - Ribeirão Preto - SP
Tel.: (16) 2132-4599
Fax: (16) 2132-4563

amcham.ribeiraopreto@amchambrasil.com.br

Salvador

Av. Tancredo Neves, 1632 - Ed. Salvador
Trade Center - Torre Norte - Sala 1307
CEP: 41820-020
Caminho das Árvores - Salvador - BA
Tel: (71) 3480-3481

amcham.salvador@amchambrasil.com.br

São Paulo

Rua da Paz 1431 - São Paulo - SP
CEP 04713-001 Tel.: (11) 3324-0194
Fax: (11) 5180 3777

ombudsman@amchambrasil.com.br

Uberlândia

Rua Santos Dumont, 46
CEP: 38400-060 - Santa Mônica - MG
Tel.: (34) 2101-4100
Fax: (34) 2101-4107

amcham.uberlandia@amchambrasil.com.br

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