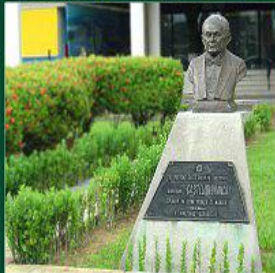




SUPERINTENDÊNCIA
DA ZONA FRANCA DE MANAUS



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SUFRAMA

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SUFRAMA and the Manaus Free Trade Zone model

The Superintendence of the Manaus Free Trade Zone (SUFRAMA) is an independent body of the Federal Public Administration under the Ministry of Development, Industry and Foreign Trade (MDIC). Its objective is to administrate and control the fiscal incentives granted to the companies installed in the Manaus Free Trade Zone, as well as to promote development strategies for the Western Amazon, assuming, in this way, the role of investment promotion agency.

As the administrative body for the Manaus Free Trade Zone (ZFM) model, SUFRAMA has the mission of promoting sustainable socio-economic development throughout its whole area of operations, comprised of the Western Amazon (the states of Amazonas, Acre, Rondônia and Roraima) and the municipalities of Macapá and Santana, in the state of Amapá, through the generation, attraction and consolidation of investments, supported by technological training and aiming for competitive international insertion.

Created by Decree Law number 288, of February 28th, 1967, SUFRAMA has enabled, throughout its 44 years of existence, the establishment of three sectors which make up the Manaus Free Trade Zone (ZFM) model – commercial, industrial and agricultural – promoting the internalization of development in all the states in its reach, identifying business opportunities and attracting investment to the region.

MAIN TAX INCENTIVES OF THE ZFM MODEL

FEDERAL TAXES

IMPORT DUTY (II) - 88% reduction for the inputs to be used in industrialization processes, or proportional to the domestic added value, when dealing with information technology goods

EXCISE TAX (IPI) – Exempt

INCOME TAX (IR) - 75% reduction in taxes on income and nonrefundable additional fees, exclusively for reinvestment. Common to all the Legal Amazon Region

SOCIAL INTEGRATION PROGRAM (PIS) and CONTRIBUTION FOR SOCIAL SECURITY FINANCING (COFINS) – Zero rated for incoming materials and inter-industry internal sales and 3.65% (with exceptions) for sales of finished goods to the rest of the country.

STATE TAXES

STATE VALUE ADDED TAX (ICMS) - Credit Incentives of between 55% and 100%. In all cases, the companies are obliged to contribute to funds which finance higher education, tourism, R&D, and Brazilian small and micro-companies

WESTERN AMAZON

10,363 km of borders
2.4 million Km²
25.2% of Brazil



Manaus Industrial Sector - PIM

The most expressive branch of the ZFM model, the Manaus Industrial Sector is one of the most modern and relevant in Latin America, currently bringing together more than 550 cutting-edge industries from the sectors of consumer electronics, two-wheeled vehicles, optical products, IT products and chemical industry, among others.

After ending 2010 with record turnover of US\$35.211 billion, the PIM registered turnover of US\$26.8 billion between January and August 2011, which represents a growth of 23.7% on the same period from the previous year. The forecast is that turnover at the end of 2011 will exceed US\$ 40 billion, with the generation of more than 125,000 direct jobs and another 400,000 indirect jobs in Manaus, as well as hundreds of thousands of jobs all over Brazil.



TURNOVER

January to August 2011:	US\$ 26,8 billion
January to August 2010:	US\$ 21,665 billion
Variation 2011/2010:	23.70%
January to August 2009:	US\$ 14,954 billion
Variation 2011/2009:	79.21%

EXPORTS

January to August 2011:	US\$ 531,681 million
January to August 2010:	US\$ 723,015 million
Variation 2011/2010:	-26.46%
January to August 2009:	US\$ 509,917 million
Variation 2011/2009:	4.26%

WORKFORCE*

Month	2008	2009	2010	2011
January	102,007	95,896	96,212	111,434
February	103,155	91,703	96,715	112,598
March	103,190	89,822	98,950	114,689
April	102,802	87,169	99,997	114,880
May	102,924	87,595	100,997	116,723
June	106,008	87,570	102,324	119,633
July	108,744	88,515	103,540	121,388
August	111,385	92,989	106,047	123,529
September	115,774	96,389	107,958	
October	115,167	99,399	110,148	
November	110,133	99,983	112,076	
December	101,679	95,369	108,855	

* Total effective, temporary and outsourced workforce

Summarized indicators of the PIM

FIVE MAIN SECTORS OF THE PIM

SECTOR	TURNOVER JAN-AUG 2011	SHARE*
Consumer electronics**	US\$ 18,660 billion	43.07%
Two-wheeled vehicles	US\$ 9,759 billion	22.52%
Chemicals	US\$ 5,083 billion	11.73%
Metallurgy	US\$ 3,216 billion	7.42%
Thermoplastics	US\$ 2,184 billion	5.04%
TOTAL	US\$ 8,331 billion	89.78%

* Share of the PIM's global turnover.

** Includes IT goods

TEN MAIN DESTINATIONS OF EXPORTS FROM THE AMAZONAS

COUNTRY	JAN-AUG 2011 US\$ FOB	SHARE
Argentina	171,612 million	29.63%
Colombia	59,195 million	10.22%
Venezuela	57,715 million	9.96%
Germany	31,252 million	5.40%
Mexico	31,034 million	5.36%
Ecuador	28,755 million	4.96%
USA	26,340 million	4.55%
Peru	18,777 million	3.24%
Paraguay	14,223 million	2.46%
Uruguay	13,838 million	2.39%
TOTAL	454,741 million	78.20%

FIVE MAIN PRODUCTS EXPORTED

PRODUCT	2011 - US\$ FOB*	SHARE	VARIATION**
Other preparations for the preparation of beverages	99,784 million	17.23%	-0.38%
125-250cc motorcycles	64,681 million	11.17%	27.10%
Portable mobile telephone terminals	56,109 million	9.69%	-78.83%
Non-electric shaving equipment	47,311 million	8.17%	29.14%
Other Equipment Rec. D/ Color TVs	21,422 million	3.70%	63.96%

* Turnover accumulated from January to August, 2011.

** Variation related to the comparison of Jan-Aug 2011 to Jan-Aug 2010.

MAIN PRODUCTS MANUFACTURED IN THE MANAUS INDUSTRIAL SECTOR (PIM)

(in descending order by turnover)

PRODUCT	PRODUCTION JAN-AUG 2009	PRODUCTION JAN-AUG 2010	PRODUCTION JAN-AUG 2011	TURNOVER JAN-AUG 2011 (US\$)
Motorcycles, scooters and mopeds	928,244	1,000,831	1,265,212	4,833 billion
LCD screen televisions	1,933,600	5,074,367	6,123,527	3,964 billion
Mobile telephones	11,023,312	13,069,893	16,047,487	1,46 billion
Tv signal receiver	4,045,728	5,118,836	8,128,663	609,575 million
Compact Discs	442,955,443	380,055,836	327,738,984	424,188 million
Wristwatches and pocket watches	3,535,140	4,984,676	7,816,426	412 million
Microcomputers (including portables)	332,860	494,261	749,555	396,436 million
Color televisions (CRT)	3,122,621	2,926,030	1,832,397	359,957 million
Microwave ovens	1,781,988	2,514,213	2,637,198	332,406 million
Split system air-conditioning units	284,886	444,289	1,137,915	327,882 million
Photography Cameras (digital)	1,137,665	1,749,249	2,091,238	298,965 million
Car radios and audio playback equipment	1,192,982	1,509,670	1,687,153	283 million
Shaving equipment	755,084	814,729	864,453	272,991 million
DVD Record Players	2,620,328	2,979,940	3,348,360	233,091 million
Plasma screen televisions	182,466	269,180	258,207	217,771 million
Radios and non-portable audio playback and recording equipment	299,110	753,898	702,653	208,908 million
Window air-conditioning units	231,715	598,033	642,966	156,495 million
Home theaters	283,916	421,135	365,471	135,546 million

MAIN FOREIGN INVESTORS IN THE PIM

COUNTRY	INVESTMENTS 2010* (US\$)	TOTAL SHARE**	NUMBER OF COMPANIES
Japan	3,289 billion	49.18%	37
USA	873,439 million	13.06%	38
South Korea	449,358 million	6.72%	7
Netherlands	389,709 million	5.83%	7
Finland	337,730 million	5.05%	4
France	333,202 million	4.98%	9
Uruguay	266,391 million	3.98%	6
Canada	102,739 million	1.54%	4
Germany	82,661 million	1.24%	12
Cayman Islands	57,333 million	0.86%	4
TOTAL	6,181 billion	92.42%	128

* Figures from January to December 2010.

** Share calculated from total value of foreign investment in the PIM up to December 2010.

Consumer electronics sector



The consumer electronics sector (including IT goods) of the Manaus Industrial Sector represents the largest manufacturing center of consumer electronics products in South America. For the national market, its importance is strategic. All the televisions and audio equipment made in the country originate in Manaus. Besides this, thirty-five percent of the mobile telephones that the Brazilian population uses are produced in the Amazonas state capital and 10% of the IT products on the Brazilian market are made in the PIM.

The sector also presents the greatest relative share of global turnover, in the generation of jobs and in the promotion of investments in the Manaus Industrial Sector, embodying renowned companies on the international scene and a diversified range of products with a large share of the list of exports. With regards to the workforce, the consumer electronics sector has been employing in 2011 a monthly average of over 48,000 workers, a figure which accounts for around 40% of all the work positions generated in the PIM.

INDICATORS OF THE SECTOR

(Including IT goods)

- ✓ **Turnover August 2011**
US\$ 1,482 billion
- ✓ **Turnover August 2010**
US\$ 1,327 billion
- ✓ **Variation in monthly comparison**
11.68%
- ✓ **Average monthly workforce for the sector in 2011**
48,130 workers
- ✓ **Average monthly workforce for the sector in 2010**
41,291 workers
- ✓ **Exports from January to August 2011**
US\$ 154.213 million

MAIN COMPANIES

(IN ORDER OF TURNOVER)

- LG ELECTRONICS DA AMAZÔNIA LTDA.
- NOKIA DO BRASIL TECNOLOGIA LTDA.
- SAMSUNG ELETRÔNICA DA AMAZÔNIA LTDA.
- PHILIPS DA AMAZÔNIA INDÚSTRIA ELETRÔNICA LTDA.
- SONY BRASIL LTDA.

Two-wheeled Vehicle Sector

The two-wheeled vehicle sector of the PIM is the only one in Brazil and the largest in Latin America, in terms of the amount of companies as well as in production terms. Currently, the sector has the highest consolidation numbers of the Manaus Free Trade Zone production chain, with historic figures of the regionalization and nationalization of inputs around 75% of production. The sector is currently comprised of around 70 companies, among them manufacturers of finished goods and components, parts and pieces.

The sector is the PIM's second most important industrial subsector and should close 2011 with numbers similar to those of 2008, a record year for the sector (2.4 million motorcycles manufactured and US\$ 7.6 billion of turnover). The two-wheeled vehicle sector is also responsible for increased levels of job generation in the Manaus Free Trade Zone, with an average workforce, including manufacturers and components manufactures, exceeding 20,000 employees.

INDICATORS OF THE SECTOR

- ✓ **Turnover August 2011**
US\$ 877,134 million
- ✓ **Turnover August 2010**
US\$ 639,655 million
- ✓ **Variation in monthly comparison**
35.41%
- ✓ **Average monthly workforce for the sector in 2011**
20,643 workers
- ✓ **Average monthly workforce for the sector in 2010**
18,380 workers
- ✓ **Exports from January to August 2011**
US\$ 106,152 million

MAIN COMPANIES

(IN ORDER OF TURNOVER)

- MOTO HONDA DA AMAZÔNIA LTDA.
- YAMAHA MOTOR DA AMAZÔNIA LTDA.
- HONDA COMPONENTES DA AMAZÔNIA LTDA.
- J. TOLEDO DA AMAZÔNIA IND. E COM. DE VEICULOS LTDA.
- SHOWA DO BRASIL LTDA.



Chemical Sector

The sector with the third largest share of Manaus Industrial Sector (PIM) turnover, the Chemical sector is one of the most promising sectors in terms of business opportunities and investments for the region. Represented in the production of products such as concentrates for non-alcoholic drinks, cleaning products and films and photographic paper, the sector is currently made up of leading companies in the international market, such as Coca Cola and Pepsi Cola, which manufacture here the concentrates for non-alcoholic drinks sent to distributors of the two brands all over the world.



INDICATORS OF THE SECTOR

- ✓ **Turnover August 2011**
US\$ 477,074 million
- ✓ **Turnover August 2010**
US\$ 333,681 million
- ✓ **Variation in monthly comparison**
42.97%
- ✓ **Average monthly workforce for the sector in 2011**
2,280 workers
- ✓ **Average monthly workforce for the sector in 2010**
2,054 workers
- ✓ **Exports from January to August 2011**
US\$ 155,442 million

MAIN COMPANIES

(IN ORDER OF TURNOVER)

- RECOFARMA INDÚSTRIA DO AMAZONAS LTDA. (COCA-COLA)
- AROSUCO AROMAS E SUCOS LTDA.
- PEPSI-COLA INDUSTRIAL DA AMAZÔNIA LTDA.
- CERAS JOHNSON LTDA.
- FUJIFILM DA AMAZÔNIA LTDA.

SUFRAMA Administrative Council (CAS)

The SUFRAMA Administrative Council (CAS) is the organ of deliberation of the entity comprised of representatives from various Ministries and Governments from the whole of the Western Amazon. Its meetings are periodical, obeying an annual calendar. Presided over by the Ministry of Development, Industry and Foreign Trade (MDIC), the CAS has as its main responsibility, the analysis and approval of industrial projects of implementation, broadening, diversification and updating which aim to enjoy the tax benefits offered by the Manaus Free Trade Zone model.

The partial numbers from CAS in 2011 reveal positive results in the approval of investments for the Manaus Industrial Sector, closing in on the figures obtained in 2008, when the Council registered a record volume of projects and confirmed investments. Standout results, up to now, for the almost 80 industrial implementation projects, which will contribute to the strengthening of production chains, the generation of jobs and the diversification of the portfolio of products manufactured in the PIM in forthcoming years.



STATISTICS FROM THE SUFRAMA ADMINISTRATIVE COUNCIL 2007 – 2010

Year	Projects approved	Implementation	Total workforce	Investments (US\$)	
				Fixed-term*	Total
2007	274	98	15,900	974,571 million	3,590 billion
2008	312	109	31,464	1,682 billion	6,738 billion
2009	218	78	9,870	401,534 million	2,160 billion
2010	256	104	13,442	1,040 billion	4,5 billion
2011**	179	79	11,207	703,459 million	2,23 billion

* Investments calculated without including working capital.

** Figures updated to the 252nd Ordinary Meeting of the CAS, held on August 25th, 2011.