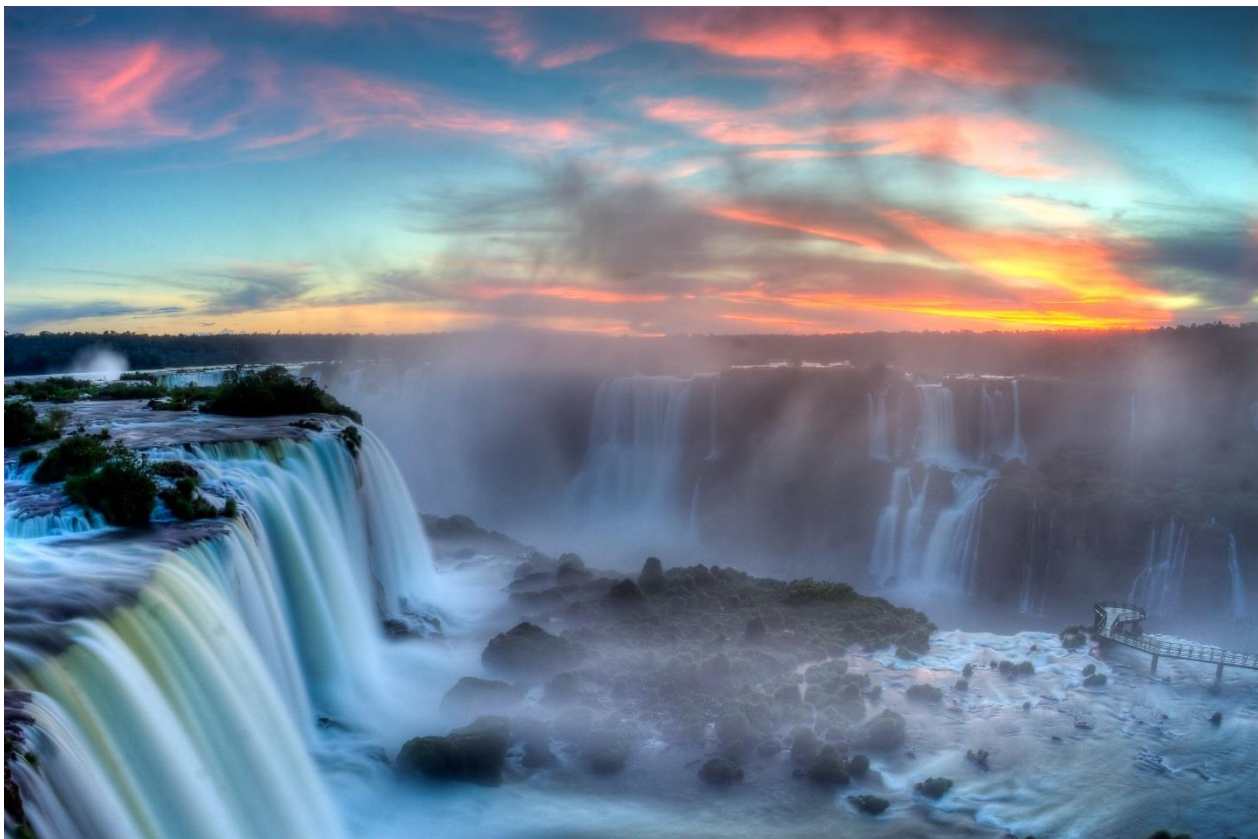




Paraná State Sketch

*>> Duurzaam, Agrarisch, Innovatief
en Internationaal ondernemen*



Iguassu Falls

Colofon

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Opgesteld door:	Luiz BUENO de Freitas Fº
	(Deputy Representative)
Contactpersonen:	lbuennoff@nbsso-brazil.com.br
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Brief introduction of the State

The State of Paraná has a population of 11 million inhabitants, distributed over 300 cities, and an area five times larger than the Netherlands. With a demographic density of 53 inhab/km², Paraná has a HDI of 0,749 and is considered a high development territory.



The State has a privileged location, bordering Paraguay and Argentina and the States of São Paulo (biggest national market), Santa Catarina and Mato Grosso do Sul. The State has a 100 km long coast on the Atlantic Ocean, where the Port of Paranaguá, the second largest in Brazil, is located.

Location of Paraná State

Paraná has 17 public and 164 private universities, distributed over 79 cities. The proportion of people with higher education diplomas is larger in Paraná compared to the rest of the country. Bilingual and international schools can be found in the main cities of the State.

The State has a rich and exuberant nature that attracts tourists, produces food and gives Paraná inhabitants an good quality of life. The Iguassu Falls, located on the far west side of the State, is the second most visited touristic place in Brazil (just behind Rio de Janeiro).

It has a great cultural and religious diversity, resulted from the immigration from various different peoples to the State, mainly Italians, Germans, Polish, Ukrainians and Japanese. Some Dutch immigrants established in the State in the early twentieth century and settled in the centre of Paraná, founding three cities: Castrolanda, Carambeí and Arapoti.

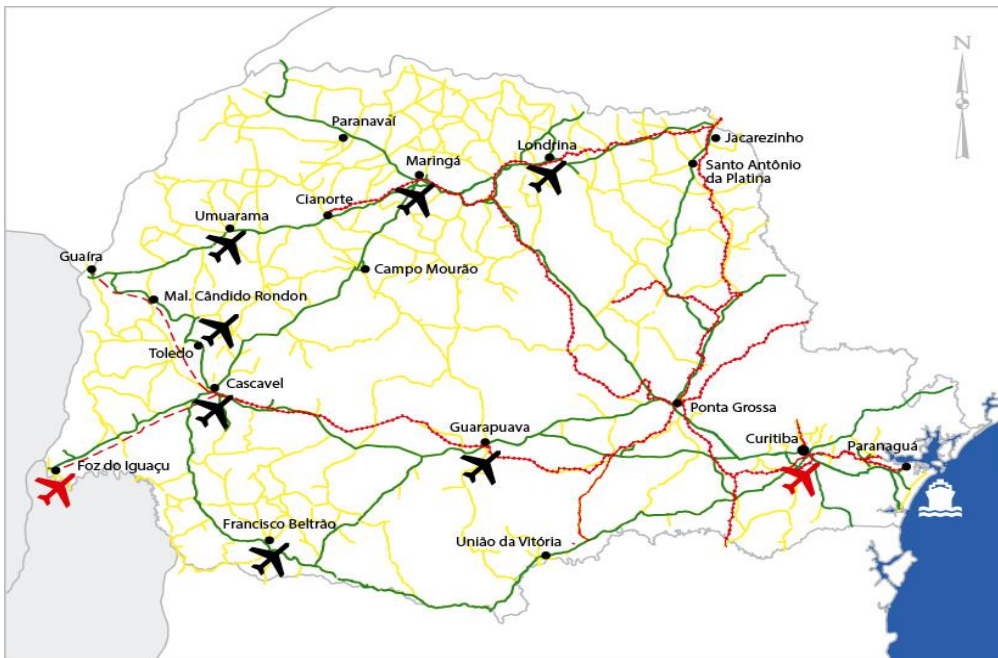


Castrolanda - Paraná

Economic facts

Paraná stands out in the Brazilian scenario: it is the 4th largest economy, 3rd major industrial cluster and the 2nd most competitive State in the country among all the 27 States. In 2014, Paraná's GDP reached US\$ 133,43 billion, responding for 6,3% of the national GDP. The State has a balanced economy, with significant contributions from agriculture, livestock, trade and services sectors in the composition of the GDP.

The cities surrounding its capital Curitiba are among the State's largest economies. Due to their dynamic industries and services, Curitiba and São José dos Pinhais are the most representative cities in GDP of Paraná. In the countryside, Cascavel, Londrina, Maringá and Ponta Grossa have a strong agribusiness and services activities and finally Foz do Iguaçu, activities related to tourism and energy production stand out. In the coast, Paranaguá is strong economically thanks to the activities related to the Port.



Paraná has 13.700 km of paved highways, 2.400 km of railways, 2 ports and one large waterway (Paraná-Tietê). It counts with 40 airports, the two largest airports are in Curitiba and Foz do Iguaçu, with both domestic and international terminals. Cascavel, Londrina and Maringá also have large, albeit domestic airports.

Another special feature of Paraná is the energy offer. The installed capacity of generation is of 18,2 million Kw (14% of the country total production), generated by 85 hydroelectric power stations, 1 wind power station, 1 solar cell station and 70 thermoelectric plants. The Itaipu Hydroelectric is the 2nd largest in the world.

Key Sectors, Opportunities and Trends

Industrial transformation in Paraná represents 27% of the State's GDP. The State's industrial sector is particularly strong in the segments of agribusiness, automotive vehicles and oil processing. These sectors account for approximately 55% of the State's total industrial value added output.

Whilst, for the past decade, Paraná has intensified its investment promotions and established some industry areas as key to the state's development because either they add value to the economy as in agribusiness, automotive, life sciences, and IT, or they are strategic as aerospace and renewable energies.

Agribusiness

Agriculture and livestock represent 35% of the State's GDP. Despite occupying only 2,3% of the national territory, Paraná is the 2nd biggest producer of grains of the country. The main agricultural products are soy, corn, beans, rice and sugarcane. Besides that, Paraná is the biggest producer and exporter of chicken in the country (27% of the national production). It is also the 3rd producer of pork and the 9th producer of beef in Brazil.



Paraná is the biggest soy producer of Brazil

The agribusiness sector, together with the automotive industry, are the main economic activities representing 21% of Paraná's industry each. The largest companies of the sector are the cooperatives, responsible for 56% of the agribusiness in the State. There are 231 of them, comprehending almost 1 million cooperated people. Most of those cooperatives are located in the West, South-West and centre region of the State. They had a total revenue of US\$ 20 billion in 2015.

In order to reach new levels of competitiveness, increase the efficiency of its supply chain and add value, the State of Paraná is searching for innovative solutions in the biotechnology and industrial technology fields to apply to the sector. The search for new technologies must have a direct impact in the companies already installed, as well as it can consist of strategy for the prospection of potential investors.

Life Sciences

Brazil is typically a strong cosmetics market. Nowadays the country is the 3rd biggest consumer in the world, US\$ 43,5 billion in 2014 or 9,4% of the world market. Paraná is the 4th largest cosmetics manufacturer in Brazil. Local companies like Boticário, Racco, Buona Vita and Natuphitus became in a few years national and international leaders in their field and around them, life sciences clusters flourished. With a well-established supply chain and a rapid and stable consumption market, new companies may become new players in the industry.

ICT

Paraná is an ICT powerhouse with more than 10% of all firms and jobs of Brazil and offers a high-class optical fibre structure. By bringing together the world-class infrastructure and workforce, innovative start-ups and ICT ecosystems (big data management, 3D printing, internet of things, e-commerce) and high growth demand (above world average), Paraná is one of the fastest growing ICT destinations of South America.

The State has a business environment improvement project in the municipalities and, through this, aims to promote and disseminate the development of business in the areas of ICT aiming to create smart cities, understanding the local profile and needs. This project wants to improve the level of efficiency through the digital control of the public administration and the users' point of view. It will encourage the attraction of investments to the State of companies oriented to the smart grids market.

Automotive

As mentioned above, the automotive sector, together agribusiness, represents the main economic activity of the State. With more than 40 years in the car industry, Paraná is the 2nd largest automotive pole of the country in added value and produces 10% of the Brazilian total production.

There are over six hundred companies of the sector employing over 46 thousand people. Most of the companies are located in Curitiba, its neighbour city São José dos Pinhais, but other big companies can be also found in Cascavel, Ponta Grossa, Londrina and Maringá. There are 9 automakers already installed in the State: Renault, Nissan, Fiat,



VW/Audi, Volvo, DAF, Caterpillar, CNH and Paccar. Surrounding these automakers, there are several suppliers already established. Nowadays, in addition to encouraging the arrival of new manufacturers, the State wants to expand even more the range of suppliers, bringing the ones still not installed locally closer to the automakers, according to their needs.

Aerospace and Defence

The proximity to São Paulo, focus on narrow body aircraft manufacturers, parts & components, MROs and on agriculture drone technology will transform Paraná in the 3rd aerospace and defence cluster in Brazil. Its combination of competitive incentives, fully owned properties at its aeronautical industrial park, aerospace and defence ecosystem and partnership with key manufacturers like Embraer and Irkut, makes Paraná the location of choice to expand in aerospace and defence in South America. The choice to develop the aerospace sector in Paraná was supported by the vocation of the State in the area, as it has the automotive industry as part of its DNA for more

than 40 years, which may serve as basis for the development of the aerospace environment. Maringá, the chosen city for the new cluster, is on a hard working process of studies, preparation of large industrial areas, tax incentives, fast-track programs and infrastructure initiatives.



Oscar Niemeyer Museum in Curitiba

Incentives and Support

The “Paraná Competitivo” program is a State’s tax benefits program for investment attraction and expand industrial activities already established in the state. It consists on the deferral of the incremental ICMS (state tax over goods and services) and the exemption of ICMS on electricity supplied by energy companies located in Paraná and on natural gas.

For new investments or establishment of new productive units, there is a postponement of payment of the generated ICMS, from 10% to 90% and from 2 to 8 years, and a 100% deferral of ICMS over electric energy and natural gas. In addition to that, there is also a deferral of the ICMS upon acquisition of machinery and equipment from suppliers located in Paraná to integrate the fixed assets; ICMS suspension on the import of capital goods, raw materials, components, parts and pieces, at the time of customs clearance, when performed through ports or airports in Parana. On machinery and equipment for the fixed assets, the tax will be released in a graphic account at the rate of one forty-eight cents (1/48) per month, compensable in accordance with the ICMS regulation; special condition of analysis for industries with no similar products being produced in the state.



Curitiba was the first city in the world to have a BRT transportation system

Key Contacts

[Parana Development Agency](#) is an autonomous social service connected to the Parana State Government. Its mission is to develop, lead and coordinate actions to promote the sustainable development of the State. The agency acts as an economic development agent, providing guidance and technical support for new projects and investments in Parana.

Address: Av. João Gualberto, 780 Curitiba

Phone: +55 41 3350 0305

[FIEP](#) – Federation of Industries of Paraná

Address: Av. Cândido de Abreu, 200 Curitiba

Phone: +55 41 3271 9100

[OCEPAR](#) – Organization of the Cooperatives of Paraná

Address: Av. Cândido de Abreu, 501 Curitiba

Phone: +55 41 3200 1100

[SINDIPEÇAS](#) – Automotive Parts Association

Address: Av. Cândido de Abreu, 526 Curitiba

Phone: +55 41 3252 9594



Other relevant information

Despite the economic crisis, Brazil is still open for business and no matter the economic situation the country encounters, the usual attention and care on partnerships do not change: tariffs and labour cost are among the main issues when establishing a business in the country. States have different regulations, some being more attractive than others are.

NBSO Brazil together with the Consulate-General in São Paulo have direct contact with development agencies and banks available in Paraná. They tend to support on relevant issues for foreign investors and entrepreneurs aiming to start up.

Import Regulations

Import taxes are also among the main concerns when doing business with Brazil. It is always relevant to check the detailed information on the product aimed to be exported to Brazil as some have special regulations and procedures.

Sector Fairs and Tradeshows

An important way of starting up a business in Brazil is by attending sector fairs and tradeshows. Networking is a must especially in Paraná as the personal contact is still an important part of a partnership. Do not forget your business card and be prepared for the cultural talking before closing a deal.

Sources

Local newspapers, state and city development agencies.

Netherlands Business Support Office Brazil
Av. Carlos Gomes, 222, sala 802 | 90480-000 | Porto Alegre

