



Rijksdienst voor Ondernemend
Nederland

Minas Gerais Inland Sketch

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



Colofon

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Brief introduction of the region

Minas Gerais has a population of 20 million inhabitants in an area that is similar in size to France or Spain. It is bordered by the states of *Rio de Janeiro* and *São Paulo* in the South, *Espírito Santo* to the East, *Bahia* to the North and *Brasília* to the Northwest.

The state holds direct connections by flight to Europe and the Americas, by road to all major cities, such as *São Paulo* and *Rio de Janeiro*, and holds five dry-ports that facilitate customs clearance.

While being Brazil's important exporter on commodities such as minerals and coffee beans, Minas Gerais carries a diversified economy ranging from livestock to biotechnology in its Western most cities of *Uberaba* and *Uberlândia* and, in the South of the state with Information Technology (IT), Food industries, among others in cities like *Varginha*, *Pouso Alegre*, *Itajubá*, *Extrema* and *Santa Rita do Sapucaí*.



Key Economic cities

Although its capital city, *Belo Horizonte*, holds a strong economy based in services and industrial parks in the surrounding towns of *Contagem* and *Betim*, the countryside of the state presents relevant economical clusters and key towns such as medium-sized *Pouso Alegre*, *Teófilo Otoni* and *Uberaba*.



Key Sectors

For the past decade, Minas Gerais 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 the case of biotechnology and aerospace, or they are strategical, such as renewable energies and IT.

Nanotechnology

Santa Rita do Sapucaí would easily be referred to as another calm, small town as many others in the state of Minas Gerais. However, after constant incentives from Universities and Higher Education Research centres, this valley town has become a key cluster for companies and entrepreneurs focused on electrical and electronic technologies. High level of technological development and specialisation, business cooperation among the 146 companies and local labour directly involved are characteristics commonly referred to this cluster.

For 2016, internationalisation tends to become a trend as exports and partnerships with European countries have already been established.

Renewable Energies

The northern region of the state, about 700 km from the capital city of Belo Horizonte, has been ranked as a strategical area for clean energy as it has one of the greatest concentration of solar radiation in the country and also, potentiality for wind energy.

The federal government has offered public tenders in 2015 and foreign investors, along with the state energy company (CEMIG), are set to explore this region under the announced bids, especially on photovoltaic panels. Currently Minas Gerais is still lacking the production of photovoltaic cells. This year new tenders for energy generation based on solar power are expected to be launched.

Airports logistics

Along with the capital city of *Belo Horizonte*, Minas Gerais has one more industrialised metropolitan area: *Vale do Aço* (Steel Valley). With almost half a million inhabitants in an area of 800 thousand square kilometres, this metropolitan area in the East was officially created by decree in the decade of 1990's as a result of the industrial park focused in the steel production established in the city of *Ipatinga*.

It is in the surroundings of *Ipatinga* that the state government is stimulating the development of the regional transportation. The formerly private-run airport is now under a public tender procedure on pursuit for a new management in a ppp-construction. The concession period can exceed 30 years.

Moreover, Minas Gerais is one of the states that is expected to receive federal investments for airport improvement as it has shortlisted 30 small or medium-sized structures. However, some municipalities have set public tenders as the Southern city of *Pouso Alegre*.

Pouso Alegre is known for being a business city in Southern Minas Gerais that holds international industries as Unilever, for example. In addition, it has the technological hub of *Santa Rita do Sapucaí* as a neighbouring town, which has over hundred companies already established in this small town.

The municipality has confirmed the implementation of a cargo and passenger airport in an area of around 5 million m². The tender is expected to be available anytime soon as the thirty-year exploration period is already running. The investments are said to reach €1 Billion.

The Western city of *Uberlândia*, also has an open tender for a logistical centre in its airport area. The bid is offered by the federal aviation agency (INFRAERO) and focuses on an area of 50 thousand square meters that will be available for private management for a period of 25 years.

Opportunity areas

Teófilo Otoni, almost a thousand kilometres away from *Pouso Alegre*, borders the states of Bahia and Espírito Santo and is known for its precious gems and solar energy capabilities. Thus, an Export Processing Zone agreement is highly considered by the

municipality, that is looking for foreign investors interested on the potentialities of the city and its surrounding towns.

Uberaba, on the Western limits of Minas Gerais, is internationally remembered for its livestock and biogenetics potentialities. But, taking advantage of its strategic location in the country's Midwest, close to major highways, the city hall has confirmed the acquisition of one its industrial areas and investments on the other 5 districts through an Export Processing Zone. This area will operate free of tax and currency exchange, in other words, businesses are not required to convert the exports to Brazilian Real and will enjoy simplified administrative procedures.

Trends

As of 2016, the effects of the economic crisis the country is going through, are inflation and a decrease in consumption. Unemployment and increasing tariffs are among the main concerns, especially for entrepreneurs. However, on times like these when investments tend to be low, local governments aim to present new opportunities as solutions.

And, that is the case for medium-sized cities in the state of Minas Gerais. Public tenders seem to become a possibility among these cities especially as the infrastructural demands are increasing and innovative solutions seem to be the key response to them.



Incentives and Support

A great part of Brazilian and foreign industries find in Minas Gerais a fair environment for business. The ease on accessing Brazil's Southeastern markets nurtures bordering cities of the state, that, aiming to increase development to the region, offer bids on infrastructural services and industrial parks. Tariffs in the state are also interesting if compared to São Paulo, for example.

Local state government, on the pursuit for investment attractions, offers incentives to companies and entrepreneurs, especially on key sectors and in strategical municipalities. These incentives range from tax-relief to land supply, depending on the type of business and use of local labour force, among other aspects.

Notwithstanding, the Netherlands Business Support Office Brazil (NBSO-Brazil) having its office located in Belo Horizonte is responsible for not only promoting but also giving support to Dutch *MKB's* willing to succeed in Minas Gerais.



Key Contacts

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Fair, Events and Trade shows

JUNE [MINASCON/CONSTRUIR MINAS](#) - Feira Nacional da Construção in *Belo Horizonte*

JULY [EXPOUSIPA](#) – Industrial Fair in *Ipatinga*

AUGUST [CONEX MINAS](#) – 3 Valleys Industrial Fair in *Teófilo Otoni*

AUGUST [FIPP](#) – International Precious Gems Fair in *Teófilo Otoni*

AUGUST [EXPONOR](#) – Northeastern Minas Gerais Trade Fair in *Teófilo Otoni*

SEPTEMBER [SUSTENTAR 2016](#) – International Conference for Sustainable Development in *Belo Horizonte*

SEPTEMBER [FENICS](#) – Industry and Services National Trade fair in *Montes Claros*

SEPTEMBER **FIVEL** – Electronical Valley Industrial Trade show in *Santa Rita do Sapucaí*

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 has direct contact to development agencies and bank available in Minas Gerais. 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 Minas Gerais 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.

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