

RIO GRANDE DO SUL

Social and Economic Indicators



RIO GRANDE DO SUL

GEOGRAPHICAL LOCATION



✓ Located between the two most important areas in South America:
- São Paulo and Buenos Aires

✓ Population: 10.9 million

✓ Area: 281,749 Km²





RIO GRANDE DO SUL

PORTO ALEGRE



Destination from Porto Alegre

CITIES **DISTANCE** **FLIGHT TIME**

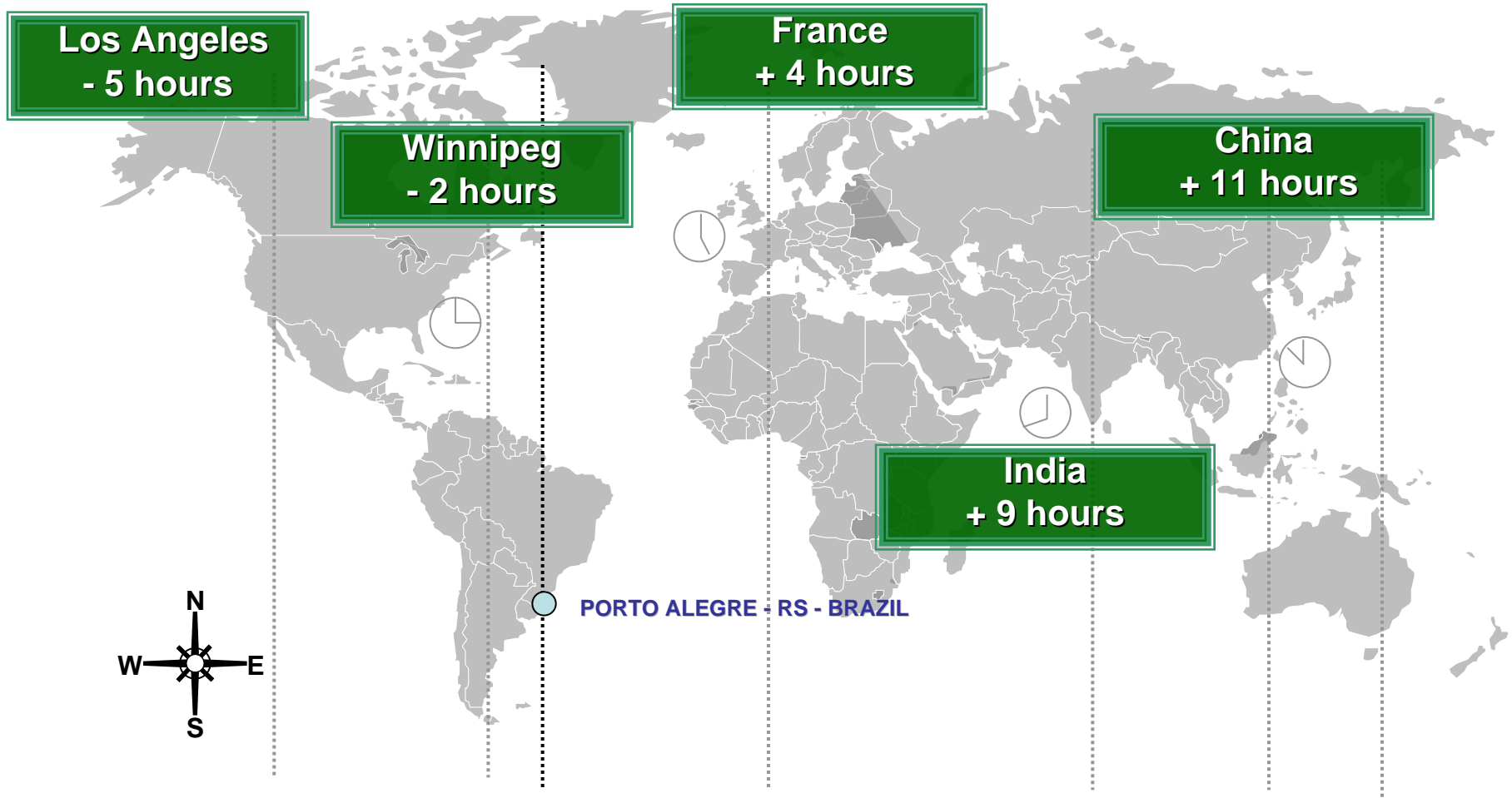
São Paulo	1154 Km	1h25
Buenos Aires	1063 Km	1h40
Santiago	2450 Km	4h35
Montevideo	890 Km	1h20
Asunción	1102 Km	4h45





RIO GRANDE DO SUL

NEAR SHORING



POPULATION INDICATORS



Indicator	RS	Brazil
Population (million)	10.9	186.7
Area (Km2)	281,749	8,498,332
Population Density	38.9	22.0
Urban Population (%)	81,9	82,8
Growth Population Rate	1.3	1.7
HDI	0.814	0.766
Life Expectancy (years)	72.1	68.6
Illiteracy (%)	5.2	11.1
Years of Education (average)	6.9	6.5

EDUCATION

PRIMARY SCHOOLS → 10,278

GRADUATE PROGRAMS → 368
→ 50% of the South Region

**TOP FOUR IN ENGINEERING AND
COMPUTER SCIENCE GRADUATE PROGRAMS**

→ Over 400 Masters and Doctors in 2006

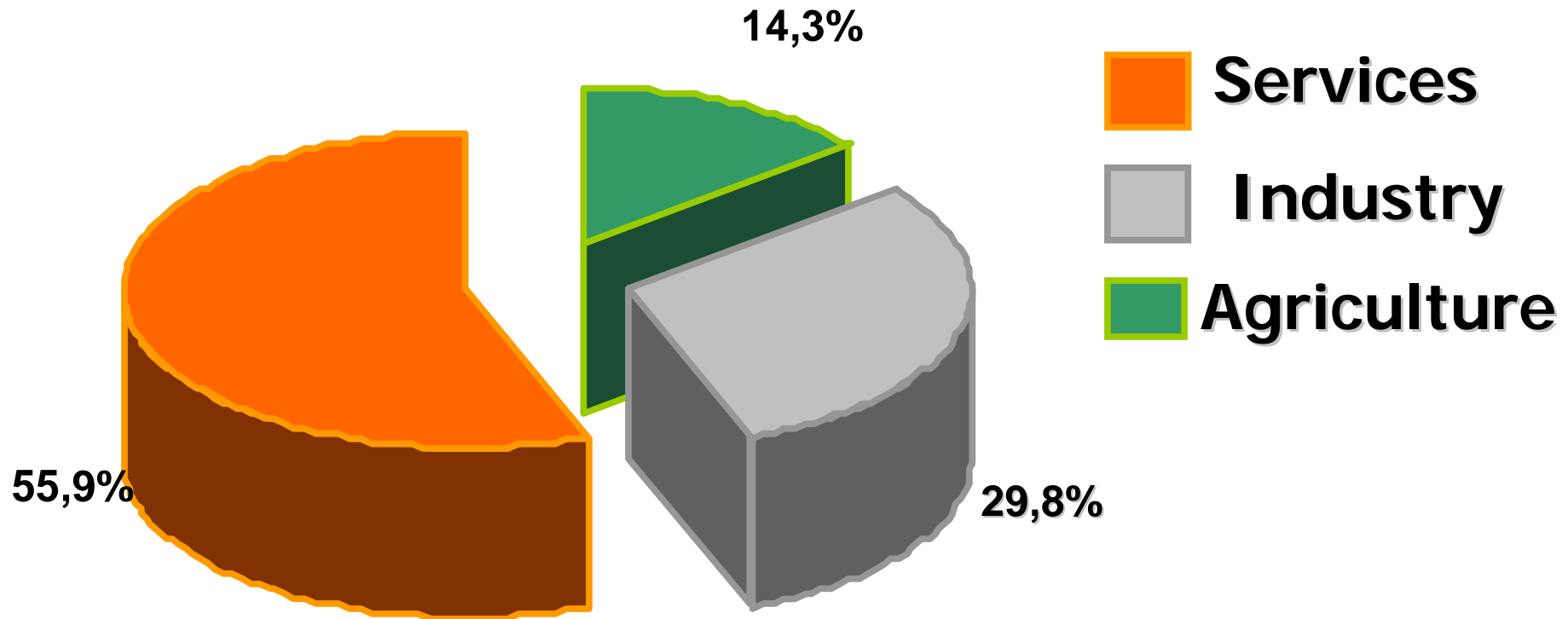
**TOP THREE IN GENETICS, MEDICAL EDUCATION AND PHARMACY
GRADUATE PROGRAMS**

→ Over 350 Masters and Doctors in 2006



RIO GRANDE DO SUL

TOTAL VALUE ADDED (%)



Indicator	RS	Brazil
GDP (US\$ billion)	72	1,068
GDP Per Capita (US\$)	6,540	5,717

PRODUCTION

(% share of industrial value added)

METAL AND MECHANIC PRODUCTS



25%

AGRIBUSINESS



22%

CHEMICALS



21%

LEATHER PRODUCTS



9%

FURNITURE, PULP & PAPER

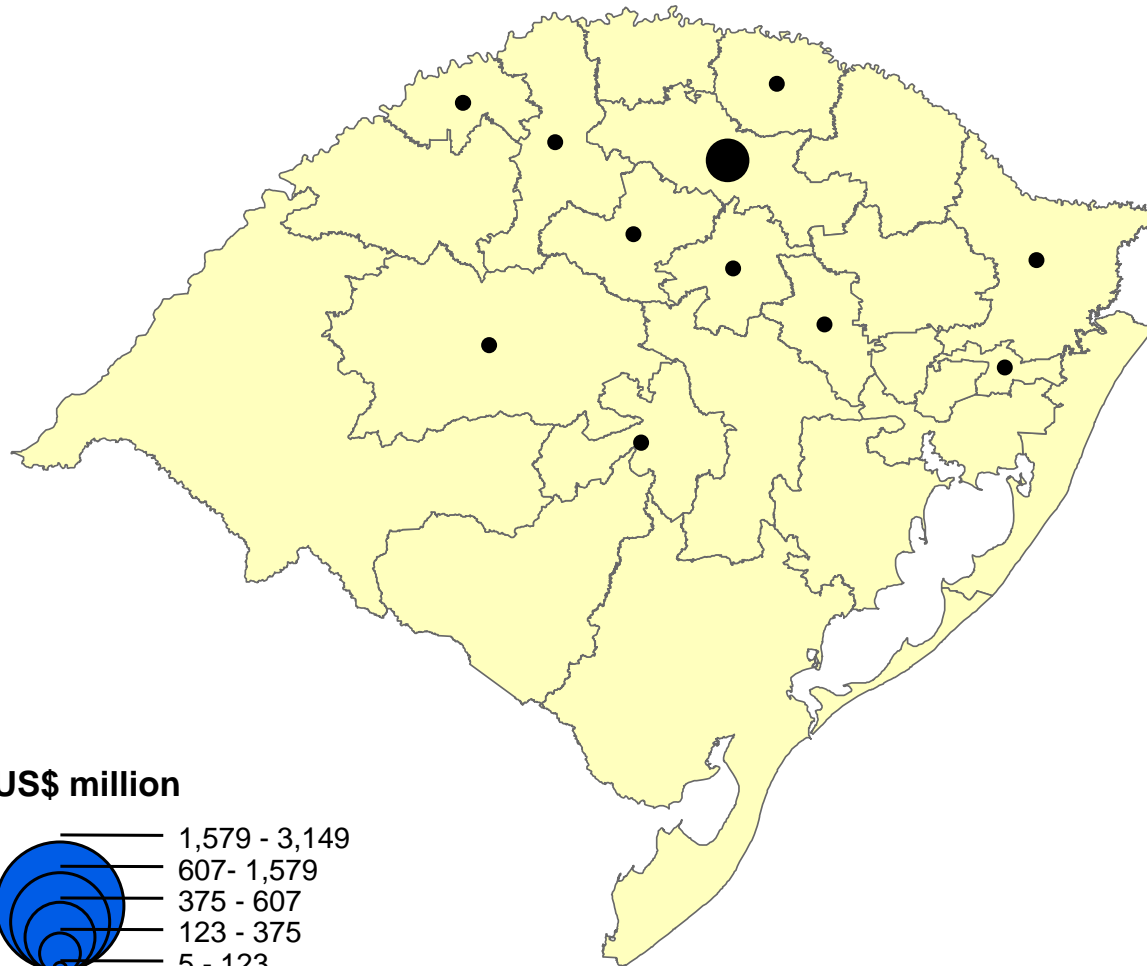


8%

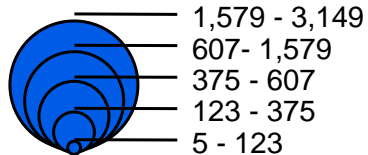


RIO GRANDE DO SUL

US\$ 15 BILLION TO BE INVESTED IN 5 YEARS



US\$ million



Energy Sector	US\$ 4,738 million
Forestry, pulp and paperboard	US\$ 4,409 million
Metals, transport and naval industry	US\$ 2,565 million
Chemicals	US\$ 958 million
Food industry	US\$ 670 million
OTHERS	US\$ 1,552 million

**Total investment in 2007 (except reforestation)
= US\$ 3.8 billion**

- **Souza Cruz** (print & editing facility, research center)
 - **Goiás Minas** – Italac (milk factory)
 - **CBC** (extension to existing factory)
 - **Fitesa** (new industrial plant)
 - **Satipel** (factory modernization)
 - **Randon** (in Caxias do Sul)

INVESTMENTS STILL IN PROCESS:

**Nestlé, WTorre, John Deere, Braskem,
Porto Alegre's Harbor,
Quip, and Innova**



RIO GRANDE DO SUL

SOME CURRENT PLAYERS & NEW INVESTORS



ARACRUZ



GERDAU

Nestlé



JOHN DEERE



WAL*MART



Braskem



WTORRE
ENGENHARIA

SAP

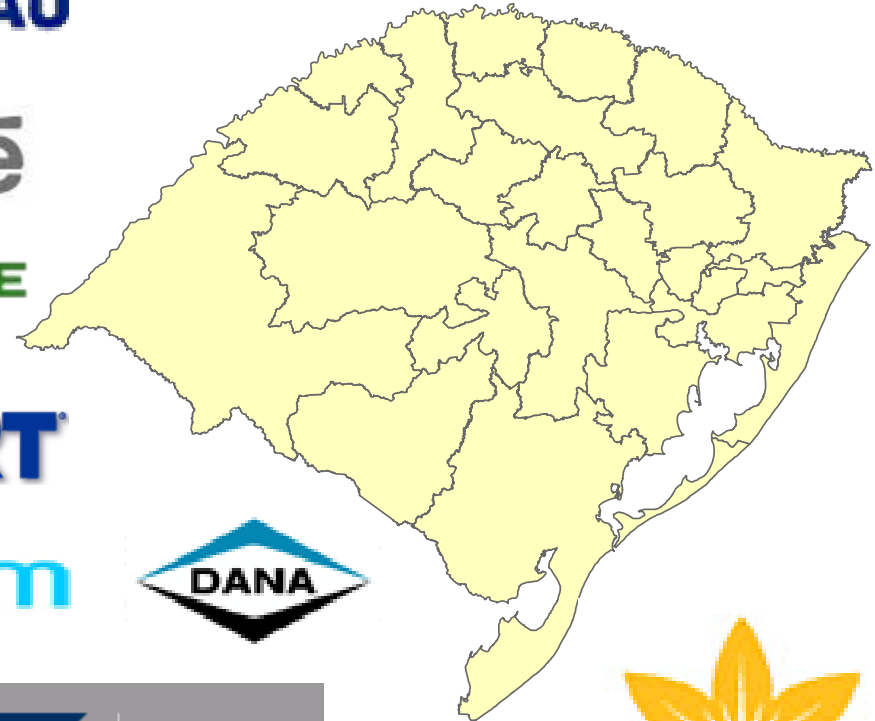
BRASIL



SOUZA CRUZ



LUPATECH S.A.
TECNOLOGIA QUE FAZ SUA VIDA FICAR MELHOR.





RIO GRANDE DO SUL

SPORTS HIGHLIGHTS



Two times World Judo Champion



Ronaldinho: twice awarded the best soccer player in the world

Two Club World Cup Soccer Teams' Champions



World Gymnastics Champion



World and Olympic Volleyball Champions



RIO GRANDE DO SUL

***GOVERNMENT ACTIONS
AND PERSPECTIVES***

Governor Yeda Crusius

STRUCTURAL PROBLEMS

Volatile Economic Growth

Drought → Agricultural Losses

Aging Infrastructure

Decreasing Competitiveness

Social Indicators Deterioration

Fiscal Deficit



RIO GRANDE DO SUL

STRUCTURAL PROBLEMS

Fiscal Status – Jan.2007

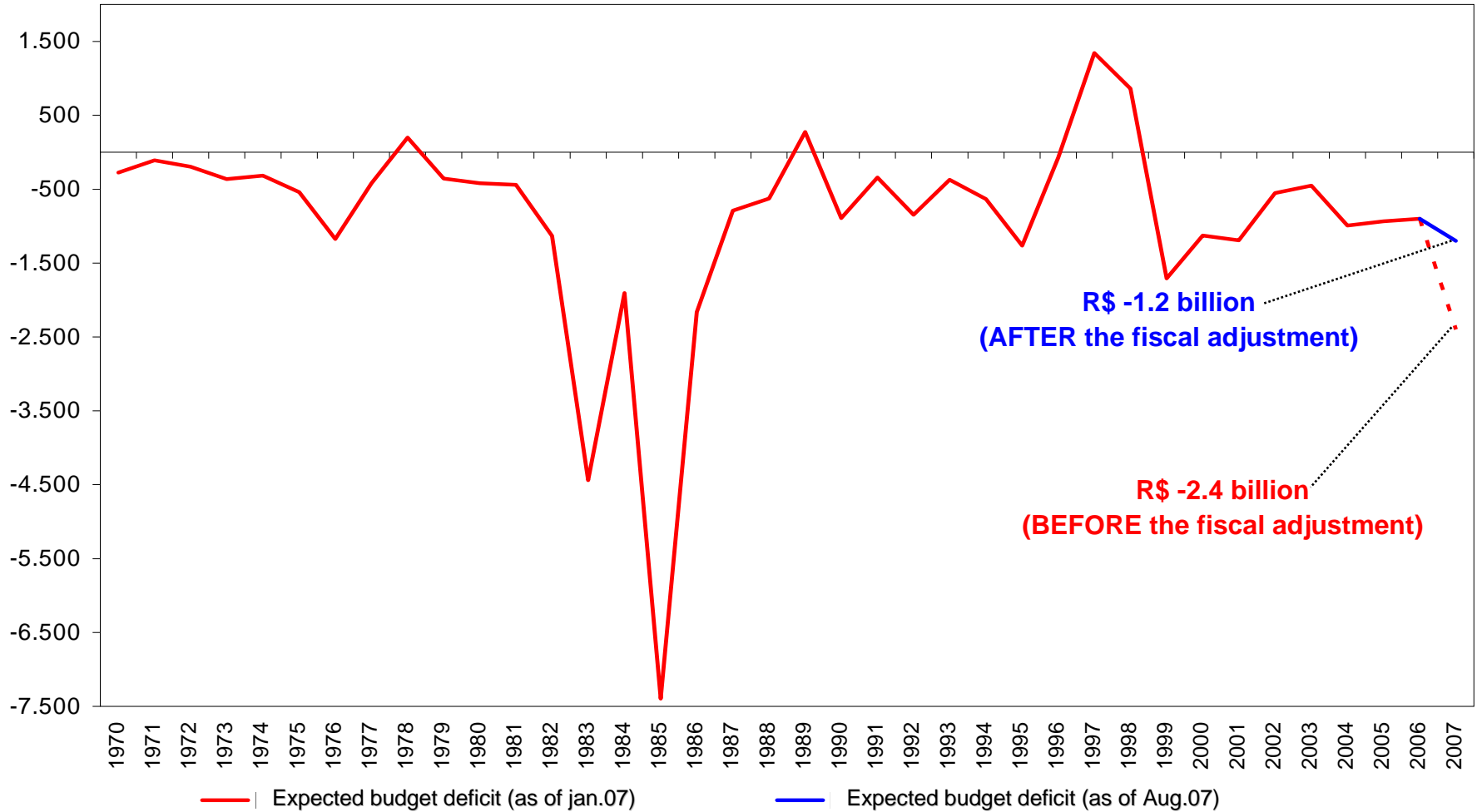
Debt	.....	R\$ 33.76 Bi
Suppliers	.....	R\$ 1.7 Bi
Tax Revenue Decrease	.....	R\$ 700 mi
Pay-Roll Increase	.....	R\$ 1 Bi
Projected Deficit 2007	.....	R\$ 2.4 Bi

As the next charts show, this government has inherited a huge fiscal deficit, which has been consistently tackled through strong fiscal measures implemented since Governor Yeda took office. Results are already showing up.



RIO GRANDE DO SUL

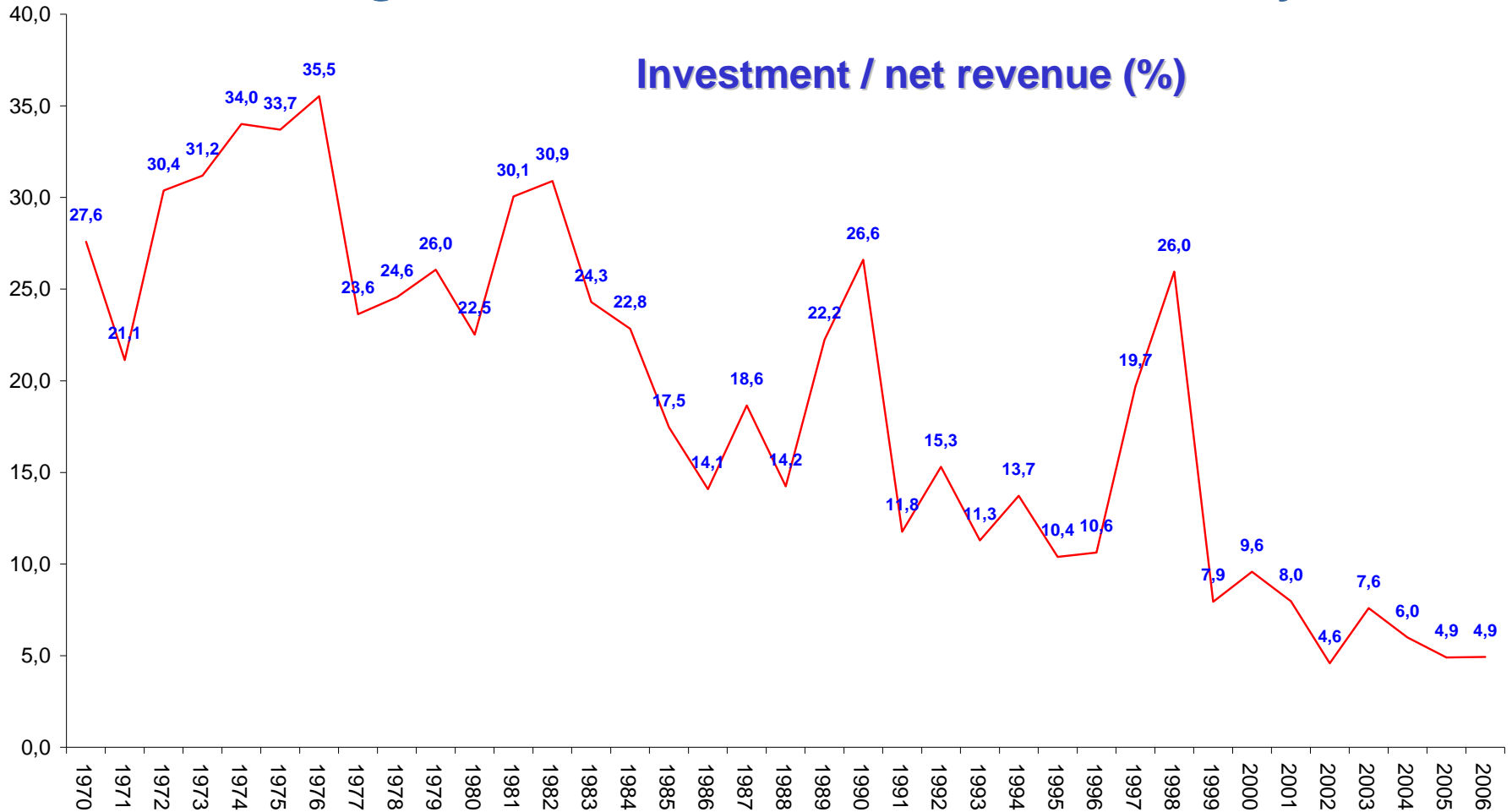
The state's 36-year history of fiscal deficits is being reverted through a broad range of fiscal measures to achieve fiscal sustainability.





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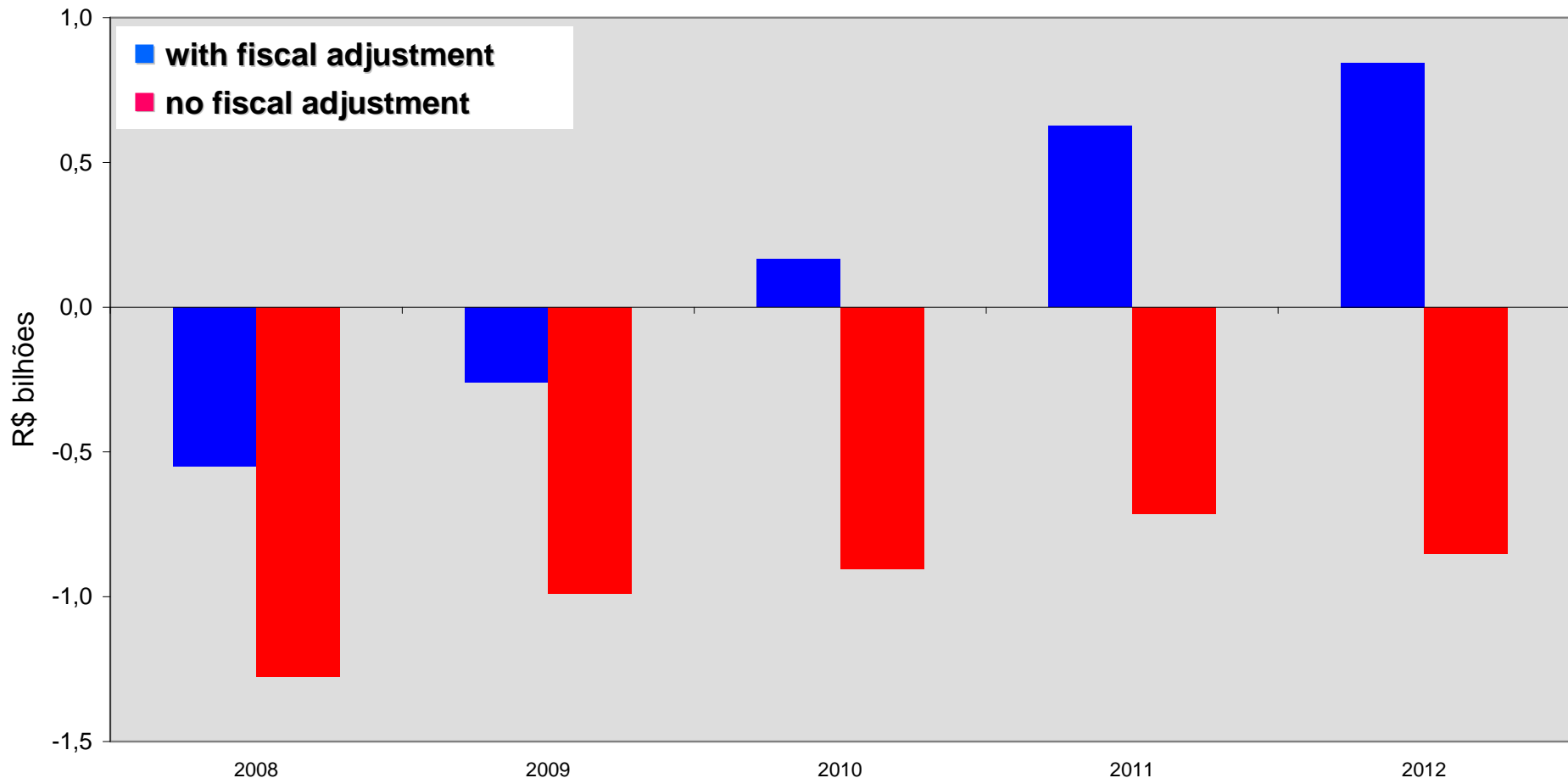
The worse outcome from this history of fiscal deficits is a declining rate of public investment, threatening the state's future development. Our goal is to reestablish a 10% rate of investment by 2010.





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The combined effort of increased tax revenue (through more efficiency) and reduced fiscal expenditure (through 37% cuts in spending), plus a wide range of fiscal measures to be implemented in 2008 will consistently revert the state's budgetary result:



State Department of the Treasury. Projected scenarios.



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GOVERNMENT STRATEGIES

**Sustainable
Economic
Development**

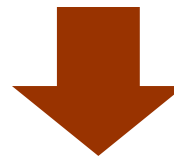
**Social
Development**

**Public
Management
and Finance**

**Creating Job
Opportunities**

**Improving
Life Quality**

**Increasing
Government
Efficiency**



STRUCTURAL PROGRAMS

RS Energy Fund for Investors



Fund for international investors in renewable energy sources, including biofuels.

Water & Sewage Company (Corsan)



R\$ 86.6 million invested in water supply and sewage treatment systems.

Sustainable Economic Development

Public Policies for Women



Creation of a “Public Policies for Women” State Plan

59 women conferences with 8,747 participants

Public Policies for Older People

“Age-Friendly State Program”

The State of Rio Grande do Sul is going to adopt the age-friendly cities premises (WHO – 2005)



BANRISUL's IPO

Largest public bank IPO
ever done in Latin America;
bank's new market cap
increased to
R\$ 1.23 billion





World Bank Debt Negotiation

The State Government was authorized by the Federal Government (National Treasury Secretary) to negotiate a **US\$ 1 billion** debt relief loan with the World Bank, in order to reduce interest payments on long-term public state debt.



Current Fiscal Status – Dec. 2007

GDP Growth **7%**

**Expenditure reduction and
revenue increasing** **R\$ 1 Bi**

Fiscal Deficit **R\$ 1.2 Bi**

50% Deficit Reduction



Projected Fiscal Status – Dec. 2008

Total Revenue **R\$ 21,4 Bi**

Expenditures **R\$ 22,0 Bi**

Fiscal Deficit **R\$ 0.6 Bi**

Policy goals:

- > 75% deficit reduction in two years
- > fiscal equilibrium by the end of 2009



MAIN TARGETS (2008-2010)

- **Eliminating Fiscal Deficit in Three Years (2009)**
- **Permanent Budgetary Equilibrium**
- **Increasing Public Expenditures in Health & Education**
- **Recovering Public Investment (target: 10% of Net Revenue)**

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