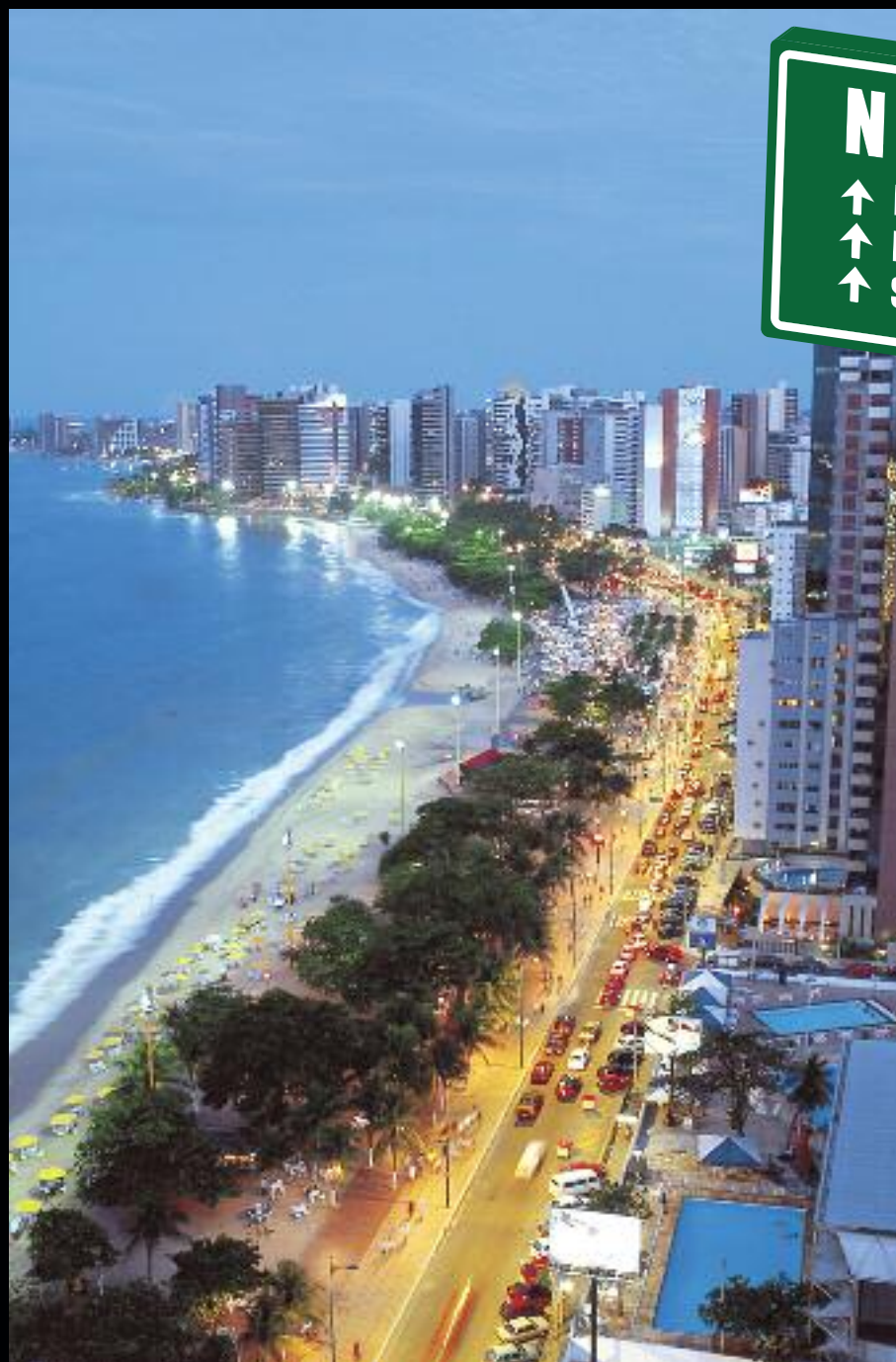


THE BRAZILIAN

# NORTHEAST

## Everything Points to Growth

The Brazilian Northeast is making a spectacular comeback. There is still poverty, but increasingly a new generation is leaving the arid farmlands of the area to work in vehicle factories, container ports, international tourism resorts, and a host of other well-paying sectors.



When Portuguese sailors discovered Brazil in 1500, their first landfall was the Northeast. For many years, sugarcane turned the region into the economic nerve center of the Portuguese colony. Indeed, Salvador was the colonial capital until 1763, when it gave way to Rio de Janeiro. Following this, the Northeast entered a long decline, in particular the drought-plagued inland regions.

Ford Motor Co. kick-started a new wave of industrialization when it opened the Northeast's first vehicle plant in 2001, building small cars for the local and export markets. Another Northeast company that is exporting is Chesf, a state-controlled utility that has almost 10 percent of Brazil's generating capacity. Today, thanks to long-distance transmission lines, Chesf is selling power to the São Paulo market. However, the region's great hope is tourism. It receives just under 10 percent of Brazil's 5 million annual foreign visitors, but interestingly has yet to be discovered by Americans; they comprised 12 percent of Brazil's 5 million foreign tourists in 2008, but just 5 percent of the 430,000 foreigners who visited the Northeast, with most tourists hailing from Portugal, Italy, and Germany. New ports, airports, and railroads are gradually providing the Northeast with more infrastructure, though much is still needed, and new investments in industry and tourism are announced almost daily.



**Eduardo Campos**  
Governor of Pernambuco

**“We’re going to double our state GDP in eight years”**

**Eduardo Campos, an economist, comes from a traditional political family. He was Brazil’s science and technology minister in 2004 and 2005.**

“The contribution of my generation consists in improving not just state development, but also public policies that provide services to society in education, health, and grassroots development.” So speaks Eduardo Campos, governor of Brazil’s seventh-most populous state. He’s one of a new wave of political leaders who are transforming the Northeast.

“My administration is breaking paradigms by bringing management principles into the public sector, measuring results in schools, or in public security area by area, or in achievement of goals in public health. The 21st century in Pernambuco starts with my government.”

Campos is a fan of public-private partnerships (PPPs) to boost investment. He has used them to increase urban development, expand the prison system, and build infrastructure for the 2014 World Cup, where Recife will be a host city. A new 42,000-seat multipurpose stadium is planned.

Other PPPs involve railroads and port expansion; yet others are planned for highways and power generation. “We’re going to double our state GDP in eight years,” he said.

## GREAT FUTURE FOR TOURISM

**International investments in major resorts, plus public investment in infrastructure, are putting the Northeast on the global vacation map.**

The Northeast of Brazil has a lot going for it. It lies just south of the equator, which means more or less year-round sun and easier traveling from North America and Europe. Flying from Miami to the Northeast, for example, can be up to a couple of hours quicker than flying to Rio de Janeiro or São Paulo. But the Northeast offers much more — fantastic beaches and sand dunes, a rich culture that blends Brazil’s European and African origins, and of course, a gastronomic tradition to match.

For many years, foreigners wanting to visit the Northeast had to fly first to southeastern Brazil — Rio de Janeiro or São Paulo — and then return northward on a domestic flight. But over the last decade or so, both federal and state governments have invested in infrastructure, building international airports into several of the regional capitals.

At the same time, there has been massive private investment, much of it international, in beach resorts.



Spain’s Iberostar Group, for example, which owns properties in 16 countries, has three ventures in Brazil. Two are in the Northeast (the other is a luxury cruise liner on the Amazon River). Tourists jetting into the international airport in Salvador, Bahia, are now whisked along a recently opened turnpike to the group’s two massive all-inclusive beachfront resorts at Praia do Forte. Similar resorts and developments continue to spring up throughout the Northeast, but Roberto Smith, president of the Banco do Nordeste, a state-owned development bank, thinks much more can be done. “Investment in tourism is still very low, relative to the great wealth of attractions that the region has to offer, not just on the coast but also inland,” he said. Smith cited a lack of clear regulations for regional aviation as one impediment to investment in regional transportation that would help draw tourists to the region.

## EYE ON AÇO CEARENSE

**Company seeks world-class quality with sustainable operations. It also imports stainless steel. The group sells pipes, plates, and other products nationwide.**

Much economic activity in the Northeast is in traditional, low-technology sectors. However, the region is increasingly becoming home to dynamic, world-class companies that would not be out of place in any Organisation for Co-operation and Development nation. One such firm is Aço Cearense — Ceará Steel, in English — located in the Ceará state, in Fortaleza. “Our mission is to become the best

steelworks in the world,” said company vice president Ian Correia, who was named 2008 businessman of the year by the local commercial and industrial association. “But best in what sense? We want to be best for us, best for our workers, and best for our clients.”

The company’s subsidiary, Sinobras, opened a US\$350 million blast furnace in 2008 at Marabá in Pará state, near the giant Carajás iron-ore

### IAN CORREIA

Vice-President  
Aço Cearense



mine. Sinobras has 14,000 hectares planted with eucalyptus to provide charcoal, thus ensuring there is no threat to surrounding forests. The group makes pipes, profiles, joint plates, and galvanized tiles and is certified by Brazil’s National Industrial Property Institute to produce drawn steel for civil construction. It also imports stainless steel, working with cold and hot laminated plates, pipes, and other products.



Itamaracá Island in Pernambuco; traditional dish made of Cari fish with herbs and fruit juice in a passion fruit skin.

### Pernambuco looks to the world

State governments in the Northeast see tourism as a major area of growth, not least due to its importance as a source of job creation. That's a big plus for a region that has traditionally suffered from low wages and underemployment. With tourism, people with basic education can take training courses and become part of the organized economy.

Pernambuco has launched a major program to attract foreign visitors. It's based on projections that the state could see investments in tourism and related sectors of some R\$19 billion — just over US\$10 billion at today's exchange rates — through 2020, with just over half coming from the private sector. The state wants to show visitors much more besides well-known destinations like Recife, the state capital, and its next-door neighbor, the historic colonial city of Olinda. For example, the well-established ocean resort Porto de Galinhas is located some 60 kilometers south of Recife. Travelers can find a variety of lodging there, including a beach-front Best Western hotel. One great attraction is the Fernando de Noronha archipelago, a nature reserve roughly 350 kilometers off the Pernambuco coast. The number of visitors to the islands is restricted to preserve the environment, and the beaches are breathtaking. However, the real attraction lies underwater: travelers who venture beneath the waves will be treated to sightings of sea turtles, dolphins, rays, sharks, and hordes of other tropical fish. Both Fernando de Noronha and Olinda are UNESCO World Heritage Sites.

## BUT IT'S NOT JUST TOURISM

**From California to Asia, via the enlarged Panama Canal and Northeast Brazil? That's the vision for this go-ahead port.**



Suape is a purpose-built deepwater port some 75 kilometers down the coast from Recife, with a vast hinterland for industrial expansion. The port has already attracted almost 100 companies, including Alcan, Bunge, Coca-Cola, Esso, Pepsico, Petrobras, Unilever, and White Martins. Annual cargo is already around 20 million tons and could double in three years when the railroad is completed, allowing for more efficient grain exportation.

But what could really change things for Suape is the expansion of the Panama Canal. Fernando Bezerra Coelho, president of Suape Port, envisions a stream of giant ocean freighters plying between the U.S. West Coast and Asia passing right in front of Suape. The port's current draft of 16 meters, now expanding to 20 meters, makes it an ideal refueling and transshipment point. Already refinery, petrochemical, and shipyard projects are under way. Moreover, concession auctions are due for a second container terminal and a minerals quay, involving investments of US\$450 million.

**Solidity and sustainability:  
proud of growing along with Brazil.**

**AÇO CEARENSE**

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# CONNECTING THE WORLD PORT OF SUAPE

## THE HUB PORT OF THE FUTURE



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PERNAMBUCO'S IDEAL GEOGRAPHIC LOCATION. THE NORTHEAST'S WEALTH OF INVESTMENT OPPORTUNITIES. BRASIL'S GROWING INFLUENCE ON THE WORLD STAGE. OVER 70 COMPANIES HAVE ALREADY BEEN SEDUCED BY OUR CHARMS. WITH 1,7 BILLION US DOLLARS ALREADY INVESTED, THE SOUTHERN HEMISPHERE'S LARGEST SHIPYARD, AND A STATE-OF-THE-ART OIL REFINERY, THE PORT OF SUAPE IS SETTING ITSELF AS THE HUB PORT OF THE FUTURE.

**THE WORLD IS COMING TO SUAPE. SUAPE GLOBAL.**

