

Latin America's Regions

Doing Business in Brazil's Northeast

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Big projects fuel region's push to keep momentum

The once neglected northeast has been outgrowing the rest of the country but faces a huge task to stay on track, writes *Joe Leahy*

As the bus enters the site of the future industrial zone, an expanse of civil construction works stretches as far as the eye can see.

The vastness of the scene and the strong winds whipping up dust from the extensive earthworks recall the grand projects of China, a country normally associated with ambitious infrastructure schemes.

This is a long way from Asia, however. The 140 sq km port industrial complex of Suape in Brazil's northeastern state of Pernambuco will house a huge refinery and petrochemical project, the southern hemisphere's largest shipbuilding facility,

a port and numerous other activities. It is not only Suape but the entire northeast region of Brazil that often invites superlative comparisons with China. Once known only as the country's poorest region, an exporter of destitute farmers and manual labourers to the industrialised south in a movement immortalised in masterpieces such as "Os Retirantes" by painter Candido Portinari, today the northeast is recognised for its high growth, with some states expanding as fast as China itself during the boom year of 2010. The question for the region and its politicians is how to sustain these high levels of growth at a time when Brazil's economy as a



Cause for celebration: poverty is on the retreat in the northeast

Reuters

whole is slowing down. "We see emerging regional players," says Hector Gomez Ang, country manager in Brazil at the International Finance Corporation, the private sector investment arm of the World Bank. "You really see companies from the region or that were born in the northeast that are becoming global or national players."

Comprising nine states clustered tightly together, curling along the Brazilian seafloor as it juts out into the Atlantic, the northeast is one of the country's oldest centres of European civilisation. It is also a centre of Brazilian culture thanks in part to its strong roots in the country's African heritage. Northeastern musicians include bossa nova singer João Gilberto and his daughter, the contemporary Brazilian singer Bebel Gilberto; and Caetano Veloso and Gilberto Gil, known for the Tropicália cultural movement. Other famous sons of the region include former president Luiz

'You really see companies from the region that are becoming global or national players'

Inácio Lula da Silva, whose family moved from Pernambuco to São Paulo when he was a boy.

The nine states – Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Bahia – together represented 28 per cent of Brazil's population of 191m people as of 2010, but they contributed only 13.4 per cent of national gross domestic product in 2011, according to the latest figures available from the national statistics agency.

In the 10 years between 2002 and 2012, poverty declined more rapidly in the northeast than on average in

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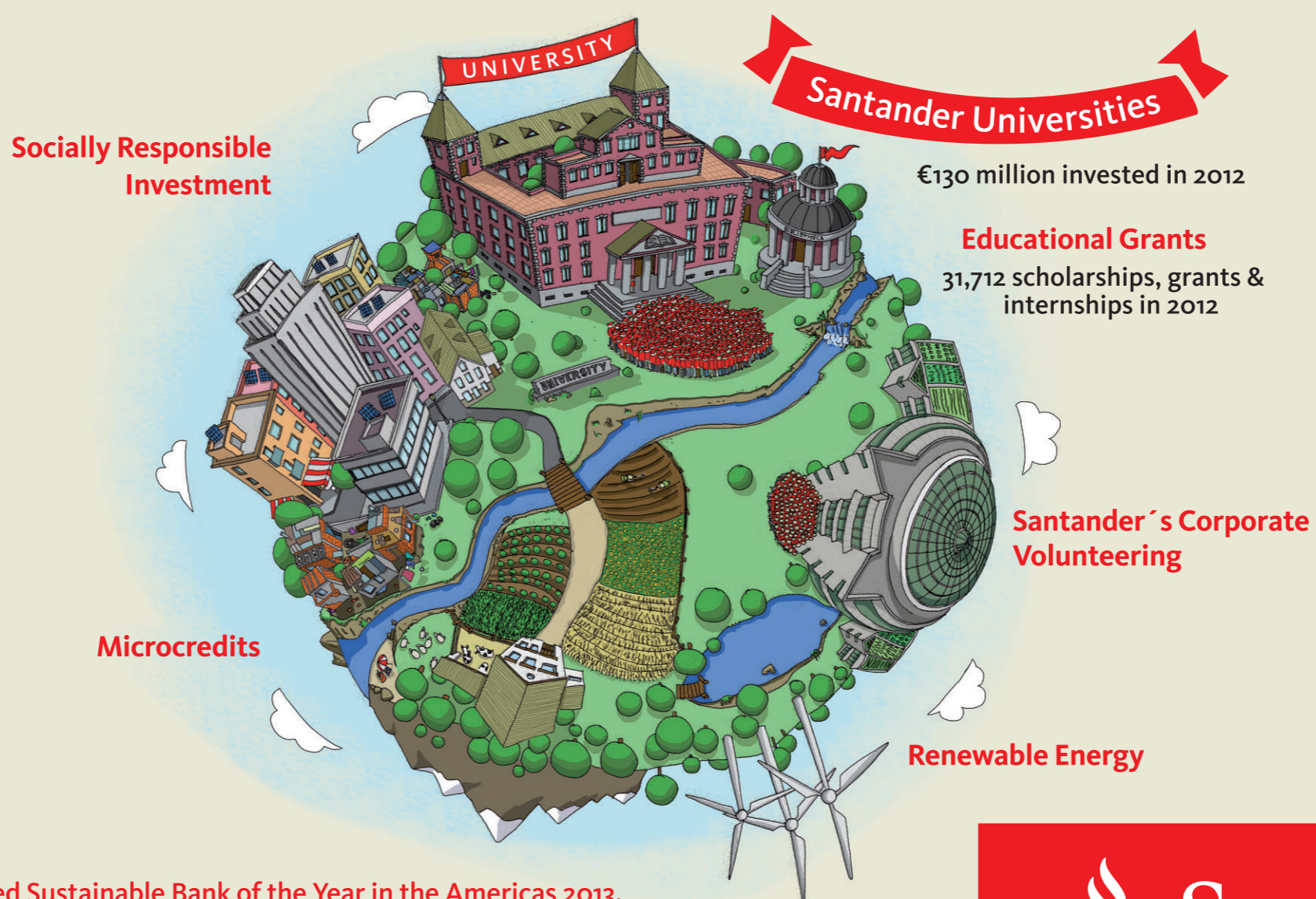
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