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DO ESTADO  
**RIO  
GRANDE  
DO SUL**



# RIO GRANDE DO SUL: A FUTURE-PROOF STATE

**AFTER STRUCTURAL REFORMS AND STRATEGIC PROJECTS, THE STATE OPENS A NEW CYCLE OF OPPORTUNITIES IN SECTORS RANGING FROM AGRIBUSINESS TO CLEAN ENERGY**



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JEFFERSON BERNARDES/AGÊNCIA PREVIEW

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EDUARDO FRAZÃO

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COVER/ILLUSTRATION: CATARINA BESSELL



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Rebuilding homes in Rio Grande do Sul: After experiencing a climate tragedy in 2024, the state rebuilds sustainably and attracts private investment

THE NEW  
GAUCHO PHASE

Rio Grande do Sul is experiencing a new chapter. After a decade grappling with fiscal challenges—which forced the government to pay public servants’ salaries in installments—the state celebrates a feat unimaginable ten years ago: attracting U\$18.8 billion in investments to Rio Grande do Sul in 2024.

Among local public managers, this shift also required a new way of thinking. They recall that they were left without immediate answers when Governor Eduardo Leite (PSD) asked them to bring investment plans. Cost containment had been so significant that the idea of public investments initially caused surprise. Fortunately, that feeling quickly faded, and the state now has a strategic plan to leverage its economy, traditionally one of the most robust in Brazil.

The plan is to combine public and, above all, private capital to double the average economic growth rate from 1.5% per year over the last decade to 3% per year and increase productivity by 20%. The challenge is significant: climate change reduces agricultural production and—as happened in 2024 with the dramatic floods—is bringing extreme weather events, whose damages are potentially immense.

To materialize the effort, the government, with the support of Invest RS—the state’s Development Agency—, organized the plan into 12 strategic sectors that it seeks to develop (*see on page 20*). And the idea is to do this while at the same time reconstructing a state that

was submerged—in some cases, literally—due to extreme rain and weather events. In this sense, the plan is more than just reconstructing; it is about creating on new foundations, considering the need for climate resilience that today’s world requires.

In the following pages, the team from EXAME—Brazil’s largest business and economics publication—joined forces with the government of Rio Grande do Sul to uncover the opportunities, both well-known and less-known, for investments in the most traditional economy of Brazil’s Southern Region.

These are areas in which people from Rio Grande do Sul already stand out, such as agribusiness, biofuels, agricultural machinery and fertilizers, as well as sectors with enormous potential that point toward the future of innovation in the state and the country, such as green hydrogen, semiconductors, and data centers. No less important is the goal of leveraging tourism. Home to one of Brazil’s richest regional cultures, landscapes, and destinations, the state has already attracted billions of dollars from major global hotel conglomerates and is celebrating the milestone of more than 1 million international tourists visiting its lands from January to May 2025.

The opportunities in this continental country are numerous. The challenges, as well. The plan from Rio Grande do Sul serves as a reminder—and an encouragement—for all of Brazil that it is possible to change economic course and expectations with strategic government action and the unity of public and private efforts. Enjoy the reading. ●

LUCIANO PÁDUA  
MACROECONOMICS EDITOR AT EXAME





JEFFERSON BERNARDES/AGÊNCIA PREVIEW

Rio Grande do Sul went from the worst crisis in its history to becoming one of Brazil's most competitive states—overcoming a pandemic, successive crop failures, and the flood that was one of the country's most devastating climate disasters along the way.

LUCIANO MANENTI

**IT HAS BEEN A LONG TIME SINCE RIO GRANDE DO SUL** offered such a favorable business environment for companies and investors. Last year, the volume of investments completed, announced, or underway in the state reached U\$18.8 billion—more than double the average of the previous five years—according to the Investômetro (Investmeter), a survey conducted by Jornal do Comércio in Porto Alegre. There is a wave of innovation, with over 1,000 startups in operation. It is a hotbed of technology companies that may soon shine alongside more traditional industries, such as buses, automobiles, agricultural machinery, auto parts, metallurgy, footwear and furniture—the kind that for decades has made Rio Grande do Sul famous as an important Brazilian economic hub.

From 2019 to 2025, RS went from 7<sup>th</sup> to the 5<sup>th</sup> position in the State Competitiveness Ranking, prepared by the non-partisan organization Public Leadership Center (CLP) to evaluate the efficiency of public management and the capacity to drive economic and social development based on ten pillars, of which the state is currently the leader in two (State Apparatus Efficiency and Innovation) and 3<sup>rd</sup> place in the public safety ranking, on the rising—it was 5<sup>th</sup> in 2019.

This positive momentum is rooted in the arduous effort of fiscal adjustment and state reform undertaken since 2019

Moacyr Scliar Park, on the banks of Lake Guaíba: a more efficient public sector has restored the state's investment capacity

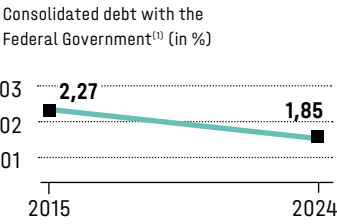
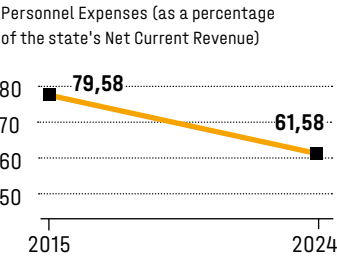
# THE GAUCHO RECOVERY



THE REMEDIES FOR RS...

Since 2019, the state of Rio Grande do Sul has been undergoing a major adjustment to clean up public accounts and increase efficiency

Structural reforms reduced current spending



Privatizations strengthened public funds

1.6

billion dollars was the amount collected from the privatization of CEEE, CPFL Energia, Sulgás and Corsan companies

7.8

billions of dollars is the total investment projected by the privatized companies during the concession period

(1) As a percentage of the state's Net Current Revenue.  
Source: The Government of RS.

The consequences of this type of situation are well known. They cause serious problems for competitiveness. With the state's finances strangled, there was no money to invest. In the case of RS, in addition to the evolving infrastructure, it became increasingly obsolete every year. Under pressure Structural reforms reduced current spending Personnel expenses due to poor financial conditions, the government did everything to increase revenue, worsening conditions for companies.

The worst part was that it was an old vice, making it even harder to eradicate. From 1971 to 2020, it was normal for the administration of Rio Grande do Sul to have expenses higher than revenues. During this period, positive years—with revenue exceeding expenses—were rare exceptions: It happened only seven times in nearly half

THERE IS A WAVE OF INNOVATION IN THE STATE, WITH MORE THAN 1,000 STARTUPS THAT MAY SOON SHINE ALONGSIDE THE MORE TRADITIONAL INDUSTRIES THAT MADE THE FAME OF RS AS AN ECONOMIC HUB

Police—a type of measure rarely adopted by Brazilian state governments.

The results appeared quickly. Since the reform, the annual pension deficit has fallen by more than U\$380 million, closing 2024 at U\$1.8 billion.

Having done its work well, the government was able to join the fiscal recovery regime in 2021, extending the payment of its debt to the federal government but committing to a series of requirements—including the imposition of a spending cap, limiting the growth of expenses to inflation measured by IPCA.

The effort to clean up public finances also involved the more significant privatization program undertaken in the country in recent years. U\$1.6 billion were raised from the sale of energy companies—the generation, transmission and distribution arms of CEEE and CPFL—, the natural gas distributor Sulgás and the water and sanitation concessionaire Corsan. In addition to strengthening the state's finances, these deals unlocked investments of over U\$8.5 billion during the concession period of the companies. “As state-owned companies, these businesses no longer had the capacity to invest,” says Artur Lemos, the chief of staff of RS’ government. “Now they are already allocating resources to expand and improve the quality of services.”

At first, the RS’ problems stopped hindering the business environment. It was already a great step forward. The next step was to ensure that the improvements the public sector was undergoing brought concrete benefits to society.

One example came in the form of a reduction in state taxes, which had been increased in 2015. The ICMS rates on fuels, energy, and communications—essential inputs for production competitiveness—fell from 30% to 25%. The modal rate was also reduced from 18% to 17%—and to 12% in the case of internal purchases (i.e., products made within Rio Grande do Sul.)

Another front of initiatives to improve the business environment was deregulation. In the very first months of his first term, the Leite administration launched the “Descomplica RS” (Uncomplicate Rio Grande do Sul) program. The State Council for De-bureaucratization and Entrepreneurship (Cede) was also created, consisting of seven representatives from the government and seven from civil society. The goal: to analyze state decrees and regulations enacted between 1988 and 2019—and to eliminate anachronistic and unnecessary rules for the operation of businesses. Of the 21,000 decrees and regulations analyzed, 19,000 were revoked. “The elimination of this unnecessary bureaucracy has increased the efficiency of the public sector and the legal certainty for entrepreneurs, who previously might have had doubts about which regulations

by state government. Gradually, the economic climate shifted from a phase of decline and discouragement to one of growing enthusiasm. “When I took office in 2019, the urgent need for tax reform for Rio Grande do Sul to move forward was clear,” says Governor Eduardo Leite. “The fiscal challenge was very acute, with the largest pension deficit per capita in Brazil and a large debt with the Federal Government. I knew we had to tackle this agenda in the first year because political capital is finite. As a result, we were able to get our finances in order and open up space for investments.”

As a result, following a fierce public monetary crisis that hampered the regional economy for a significant part of the last decade, the state is once more highlighting its advantages to attract companies and investors. “The reconstruction process is long, but we are making significant progress,” says Gabriel Souza, the Deputy Governor.

Until 2019, Rio Grande do Sul was a classic case of the woes caused by inefficiency and bloated state apparatus. Public servants dealt with delays in receiving their salaries and 13th-month bonus for nearly six years—now they have been receiving them on time since November 2020. Pensions and retirement benefits consumed a substantial portion of public funds, and the pension system was rapidly heading toward unsustainable deficits.



JOEL VARGAS GVG

Gabriel Souza, Deputy Governor: Public sector reforms brought results quickly

a century. From 2020 onward, with the progression of the reforms, there have been four consecutive years of surplus.

The starting point for changing things was an administrative reform that restructured the careers of public servants. New seniority benefits, through which public servants could be promoted based on time of service, were eliminated—today, promotion is merit-based. The incorporation of payments for temporary positions into public servants’ salaries was also put an end to.

As a result, the government’s payroll spending was brought under control. From 2019 to 2024, the growth in these expenses was only 18.7%, the lowest among all Brazilian states (whose average was 53.6% in the period).

Another point of attack was the Social Security system, whose shortfall in 2020 was U\$2.2 billion—the largest deficit among the 27 Brazilian states. The first part of the reform was approved in the same year for civil servants and consisted of three main points. A progressive rate from 7.5% to 22% was adopted, increasing the contribution of higher-earning civil servants—previously, everyone paid a single contribution of 14%. There was also an expansion of the calculation base: retirees with salaries above the minimum wage began contributing in a similar way to active public servants. The work was concluded with the extension of the pension reform to members of the Military



they actually needed to follow in their day-to-day business,” says Secretary Artur Lemos.

The process of starting new businesses has also become more efficient. “Today it is possible to start a business here in as little as 10 minutes, using an online platform,” says Danielle Calazans, the state’s Secretary of Planning, Governance, and Management. Debureaucratization and simplification are fostering business growth. According to data from the local Commercial Registry, 21,745 businesses were opened in 2024, an increase of 9.3% over 2023—the largest rise since data aggregation began.

Perhaps the most significant milestone in the recovery path has been the resumption of its investment capacity. During the most acute phase of the crisis, from 2015 to 2020, the state’s investments amounted to only 2% to 5% of its Net Current Revenue. As the reforms began to take effect, this percentage increased, reaching 10.7% in 2024—the equivalent of U\$1.2 billion, funding projects related to logistics, transportation, education, justice, and health.

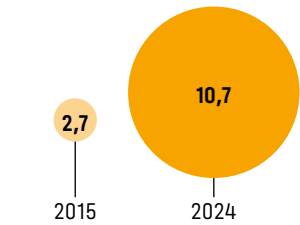
Private investments also thrived. The state became proactive in attracting companies and new businesses. Aided by the McKinsey consultancy, it

RS HAS RESUMED ATTRACTING COMPANIES AND INVESTORS, AND NOW HAS AMBITIOUS GOALS: TO DOUBLE THE GDP GROWTH RATE AND INCREASE THE STATE’S PRODUCTIVITY IN 20%

...AND THE RESULTS OF THE TREATMENT

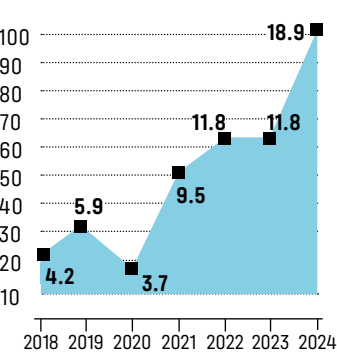
With a leaner and more efficient public sector, Rio Grande do Sul has regained its investment capacity in areas such as health, education and infrastructure.

Investment as a Percentage of the Net Current Revenue (%)



As a more competitive state, RS is once again drawing in private investments

Investments<sup>(1)</sup> (in billions of dollars)



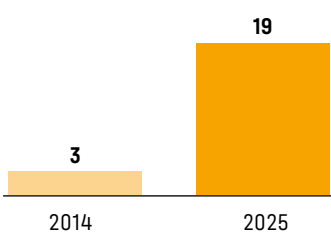
The state has recovered its capacity to invest in science, technology and innovation

Investments in Science, Technology & Innovation (in millions of dollars)

Average 2014-2023

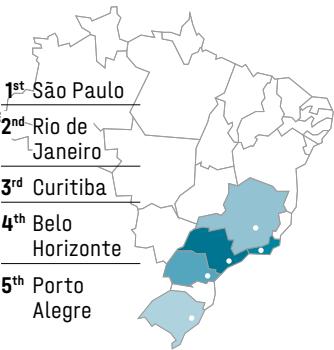


Number of Technology Parks in RS



RS has become a benchmark in innovation

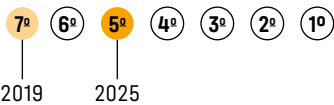
Ranking of Brazilian cities by startup innovation ecosystems



Fonte: Global Startup Ecosystem Index 2025.

Competitiveness has grown

Rio Grande do Sul’s position in state competitiveness ranking



RS’ top-performing pillars in the ranking

Innovation

1<sup>st</sup> place from 2023 to 2025

State Apparatus Efficiency

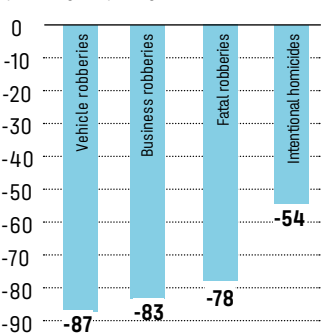
1<sup>st</sup> place from 2023 to 2025

Public Safety

3<sup>rd</sup> place in 2025

Public safety is among the highlights

(percentage drop in registrations from 2017 to 2024)



(1) Announced, concluded, or in execution per year.

Sources: RS Government, Investômetro/Jornal do Comércio, State Competitiveness Ranking (CLP), Civilian Police of RS and Brazil Public Security Annual Report.



GUSTAVO MANSUR - PALÁCIO PIRATINI

Instituto Caldeira, in Porto Alegre: The innovation hub partnered with Invest RS this year to identify companies with investment potential in the state, promote international missions, and organize business rounds

A particularly remarkable aspect of this shift is that the outcomes of the effort launched in 2019 emerged during one of the most challenging periods in history. The year 2020 brought the COVID-19 pandemic.

Drought has damaged four of the last five harvests in the state, undermining the results of its robust agricultural sector. And in May 2024, the floods became one of Brazil’s worst climate tragedies, with a final toll of 185 dead, 23 missing, 806 injured, and nearly U\$17 billion in damages, losses, and additional costs. Data from the state’s Department of Economics and Statistics (DEE-RS) shows that its GDP, after a strong start to the year, fell successively in the 2<sup>nd</sup> and 3<sup>rd</sup> quarters. Nevertheless, they finished the year with 4.9% growth, surpassing the national average. Resilience was fundamental to this recovery.

Recent transformations in Rio Grande do Sul may bring some solace for Brazilians. The problems that weakened the state’s business environment are, on a proportional scale, similar to those affecting the entire country—excessive bureaucracy, low-quality public management, limited investment capacity, resistance to reforms, and political instability. The good news is that these can be solved. Results are beginning to show relatively quickly. The key is to have the persistence to advance the reform agenda. ●



EDUARDO LEITE

HOMework DONE,  
EYES ON THE FUTURE

ANDRÉ MARTINS

PHOTO: LEANDRO FONSECA

Upon taking office in 2019, Governor Eduardo Leite (PSD) of Rio Grande do Sul faced a huge fiscal challenge: the largest per capita pension deficit in the country and a significant debt with the federal government. Within this context, the state had no capacity to pay salaries or undertake new investments. The remedy, bitter at first, was to reform the state. “This called for a fiscal adjustment agenda, which included structural reforms such as administrative reform and pension reform,” he says. The governor’s task

took on new dimensions after a pandemic and the state’s worst climate event in history occurred. But the planning remained. The result is now visible, as the government has recovered its investment capacity and is attracting private capital for major infrastructure works. With around USD 3.8 billion in public funds, the state’s concession portfo-

lio now totals USD 8.7 billion. “The public apparatus is now more efficient and more effective at delivering results,” he says. Today, Leite’s forward-looking approach places a high priority on attracting innovation and technology companies. The strategy for this is a core component of the Economic, Inclusive, and Sustainable Development Plan, presented in 2024. The state is also aiming to establish itself on the green hydrogen route while remaining focused on climate resilience, a guiding principle for the Rio Grande Plan. “By maintaining this course of fiscal responsibility, innovation, and development, Rio Grande do Sul will have major opportunities to achieve economic prominence in the years ahead”.

Governor, how did Rio Grande do Sul reach its current investment level?

The state was facing a very serious fiscal crisis, with difficulties paying salaries and making investments. This



Eduardo Leite, Governor of Rio Grande do Sul: The state made structural reforms that allowed it to resume investing and increased its appeal to the private sector

Following reforms, Eduardo Leite sees Rio Grande do Sul prepared to welcome even more investments, with an eye on resilience and innovation



called for a fiscal adjustment agenda, which included structural reforms such as administrative reform and pension reform. This process consumed a substantial part of my first term. Additionally, we had to deal with the pandemic, which was also a challenge. But we were able to implement the reform agenda, which enabled us to reduce our payroll commitment from 80% to 60% of current revenue. As a result, we also managed to increase the state's investment capacity from 2% of Net Current Revenue to nearly 11% last year. This turnaround also resulted in tax reduction, which enabled the state to regain its own investment capacity. But the work continues and we need to maintain this trajectory.

**And, regarding this shift in fiscal planning, how did you realize you were on the right track?**

I believe that, for Rio Grande do Sul to move forward, tax reform had to be carried out urgently. The fiscal challenge was very acute, with the largest pension deficit per capita in Brazil and a large debt with the Federal Government. When I started the government in 2019, I knew we had to tackle this agenda in the first year because political capital is finite. As a result, we were able to get our finances in order and open up space for investments." The voters perceived the progress, and this was a decisive factor in my re-election, as they witnessed the results of the changes that were implemented.



Palácio Piratini, headquarters of the Rio Grande do Sul government: The focus is on PPPs and concessions to advance the state's infrastructure

FELIPE DALLA VALLE

The fiscal agenda had to be tackled decisively in the first year. We were able to get our finances in order and open up space for investments

**You mentioned privatizations and concessions. What can you highlight about these initiatives?**

In the area of privatizations and concessions, we now have a portfolio of USD 1.7 billion in committed investments. We're in the process of implementing highway concession Block 1, which includes the metropolitan area

and Serra Gaúcha, with USD 4.9 billion in funding. The privatization of the state's sanitation company (Corsan) was another milestone, as it increased annual investments in the sector, nearly quadrupling them. We also advanced from 16% to 28% in sewage collection and treatment

across the state, with the aim of exceeding 90%. This not only brings environmental and health benefits but also unlocks new resources.

**You also spoke about road infrastructure. How does this impact the state's development?**

The improvements to highway infrastructure and investment in the Port of Rio Grande are key to our competitiveness. For the port, for instance, the revenue generated from port fees was once used to cover other costs, including salaries. Now they

are being fully reinvested in port improvements such as dredging and infrastructure. This ensures proper port operation and production flow. This type of investment in infrastructure creates a more favorable environment for security, employment and economic development.

**How have climate events, such as floods, impacted government planning and public policy?**

When I took office, the focus was on the fiscal crisis, but climate events became a priority as disasters increased.

The flood experience reinforced the importance of having a resilience agenda, not just for reconstruction, but for adaptation. The ability to withstand new climate events and preparation to face them have become essential in our planning. These events placed resilience as a major pillar of our government plan.

**What investments are being made to turn Rio Grande do Sul into a hub of technology and innovation?**

Rio Grande do Sul has distinguished itself, especially in technology and innovation. We recently had the announcement of a large project in Gravataí, in the metropolitan area, with an investment of USD 75 million, that seeks to establish a leading technology institute for Latin America [the Institute of Technology and Computing (Itec)]. Furthermore, we are focusing on new projects, such as green hydrogen, investing USD 19 million to attract new production facilities in this sector. The high-quality infrastructure and proximity to Mercosur help make RS an attractive hub for investors in this field.

**What differentiates Rio Grande do Sul from other states in southern Brazil?**

Our position is strategic, at the center of Mercosur. The proximity to Argentina and Uruguay is a major advantage, especially for foreign investors aiming to enter the South American market. Also, the qualification of our workforce and our robust infrastructure are major assets. We are also offering tax incentives to stimulate economic growth, as well as backing new technologies, like green hydrogen, to diversify the state's economy.

**Which countries are showing interest in investing in Rio Grande do Sul?**

We have attracted attention from various parts of the world, mainly due to our proximity to Mercosur. China, for example, has shown interest, since we





Governor Eduardo Leite visits flood-hit area:  
The state endured its worst-ever climate disaster in 2024

The experience with the floods has reinforced the need for an agenda focused on resilience, rather than solely on reconstruction

are in a strategic position to serve both the Brazilian and Argentine markets. Last year, we received a large investment from a Chilean company, which announced the largest cellulose plant in the history of Rio Grande do Sul—a USD 4.7 billion venture. Furthermore, last year saw the largest volume of investments ever announced, with USD 19 billion for new projects.

**How does the state deal with global economic challenges and US tariffs on Brazilian products?**

The state has identified the companies most dependent on exports to the United States, and we are paying special attention to them, particularly in the footwear sector. We are also working to mitigate the impact of potential changes in international trade relations. We are creating easy credit channels and also enabling the transfer of accumulated credits in the production chain to provide liquidity to companies. These measures are palliative, but they help businesses navigate times of greater uncertainty.

**What are the next big projects for Rio Grande do Sul, especially in infrastructure?**

We have several infrastructure investment projects already under contract, including road and sanitation concessions. Corsan, for example, will continue expanding its sewage network and water supply. We are also structuring sanitation concessions in municipalities

We attract the attention of investors from various parts of the world, such as China, mainly due to our proximity to Mercosur

that are not yet served by Corsan. In addition, we have planned concessions in the healthcare and education sectors, with investments of USD 190 million in school infrastructure and USD 150 million for a hospital in the metropolitan area.

**What are the challenges that you see for the next administration?**

The biggest challenge is maintaining fiscal responsibility, as it was achieved with great effort. The pension deficit is still large, as is the debt to the federal government. Additionally, we have a backlog of court-ordered payments totaling USD 3 billion, which we are

in the process of settling. The incoming administration must maintain its focus on fiscal discipline, public-private partnerships, and upholding high-quality education, with the goal of training a qualified workforce.

**Now, looking to the future of Rio Grande do Sul, how do you see the state in the next 20 years?**

I am confident that Rio Grande do Sul will continue to reap the rewards of the progress we have made. The public apparatus is now more efficient and more effective at delivering results. If the state maintains this course of fiscal responsibility, innovation, and development, Rio Grande do Sul will have major opportunities to achieve economic prominence in the years ahead. The Economic, Inclusive, and Sustainable Development Plan is charting our course for future growth. ●



# OPPORTUNITY LANDSCAPE

With a strategic plan that aims for 3% annual growth by 2030, Rio Grande do Sul offers legal security and a tradition of productivity paired with proven innovative capabilities

ERNESTO YOSHIDA

**FEW PLACES IN BRAZIL CAN SIMULTANEOUSLY** bring together a tradition of productivity, well-established infrastructure, and a clear development strategy. Rio Grande do Sul has been positioning precisely at this point of convergence, drawing the attention of investors seeking more than fleeting opportunities. In a global scenario of competition for resources and the relocation of production chains, the southernmost Brazilian state offers something valuable: a strategic plan that has identified sectors with real growth potential, based on structural competitive advantages, not just temporary tax incentives. This strategic position is not the result of chance. RS has structured a long-term agenda that combines its historical strengths—such as agribusiness, the metalworking industry, and the agricultural machinery sector—with new fronts that reflect global transformations, such as the energy transition, semiconductors, and the digital economy. A collaborative effort, carried out with support from the consultancy McKinsey and with extensive participation from leaders in the public and private sectors, has resulted in the mapping of 12 strategic sectors. The study projects a real GDP growth of up to 3% annually through 2030, almost double the historical average of 1.6% per year recorded between 2002 and 2021.

“Rio Grande do Sul has a unique characteristic in Brazil: It manages to combine industrial tradition with the capacity for innovation,” says Ernani Polo, secretary of Economic Development. Polo claims that the Gaúcho difference lies in its ability to transform historical strengths into competitive advantages for the future. “It is not merely a matter of protecting our existing assets, but rather of leveraging this sturdy base to launch into sectors with greater added value.”

**LAYERED ECONOMY**

The state created a “tiered economy” system that categorizes investments into four distinct horizons: sustainment, growth, innovation, and maintenance. The sustaining economy includes sectors that already generate billions in revenue and have established global demand—the agricultural and livestock value chain, forestry, the paper and pulp industry, fertilizers, and the petrochemical sector. They represent the solid foundation that allows sustaining funding in riskier areas, but with greater added value.

The second stratum, the rising economy, houses sectors with potential for sophistication of the production matrix: machinery and equipment, automotive, agricultural machinery and tourism. This is the case with the automotive industry, which can evolve from conventional to electric vehicles, or the agricultural machinery sector, which is modernizing with automation and artificial intelligence.

At the most sophisticated end is the innovation economy, which targets products aligned with global macro trends. Green hydrogen emerges as a key venture, leveraging the state’s clean energy matrix (82% renewable) and its well-established technology sector (home to 18 sciences and technology parks throughout the RS). Rafael Prikladnicki, president of Invest RS, reports that the energy transition has sparked international interest. “I was recently in the United States visiting a company that announced its interest in investing in Rio Grande do Sul to produce low-carbon oil, an input for aviation fuel. They saw here everything they need in nature,” says Prikladnicki. “RS has been breathing the future, no longer the past”.

One of the key drivers for this, at the local level, has been pioneering the creation of regulatory frameworks that



## THE STATE'S REGIONAL STRENGTHS

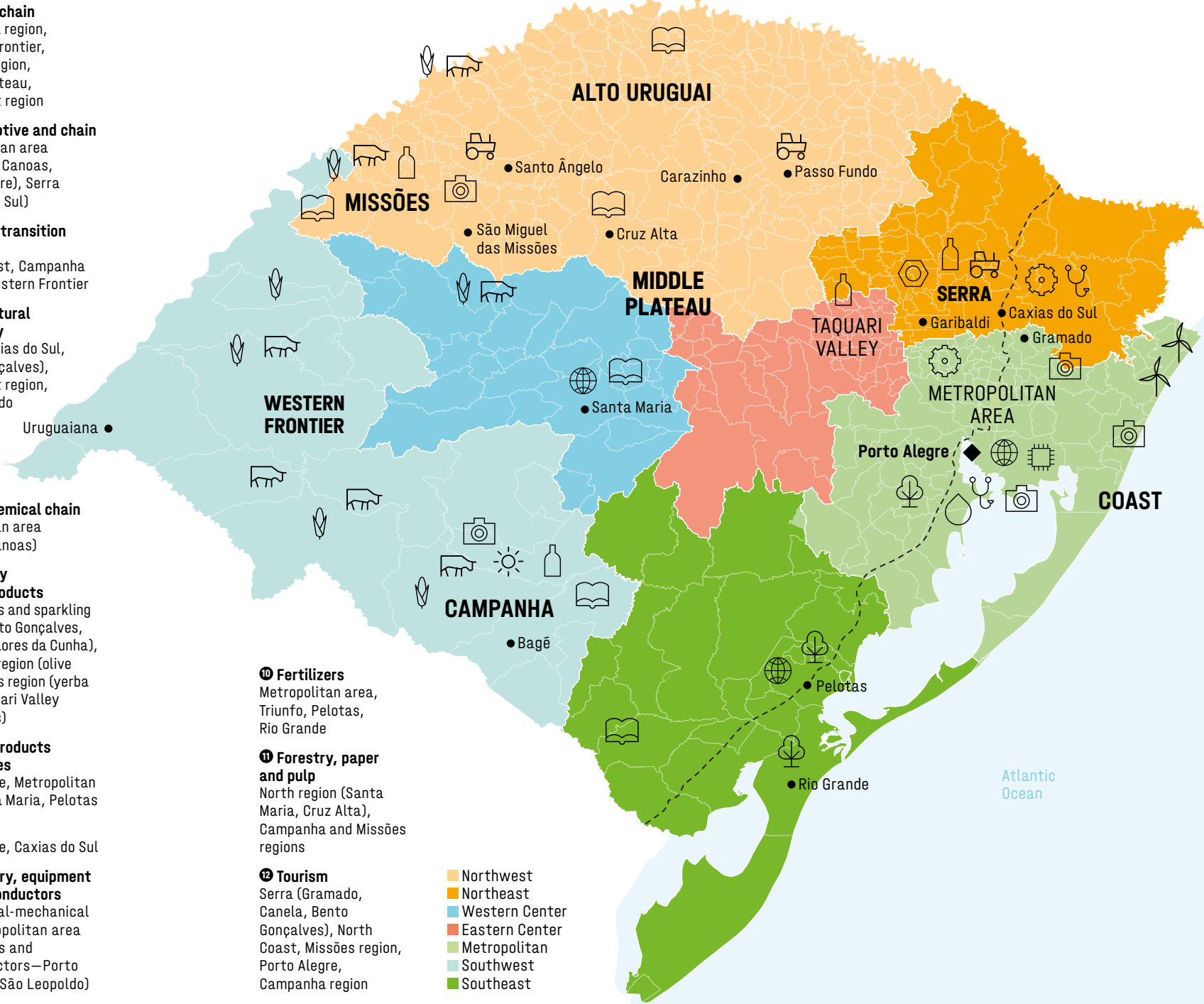
**SECTORS**

- 1 Agricultural and livestock chain**  
Campanha region, Western Frontier, Missões region, Middle Plateau, Northwest region
- 2 Automotive and chain**  
Metropolitan area (Gravataí, Canoas, Porto Alegre), Serra (Caxias do Sul)
- 3 Energy transition products**  
North Coast, Campanha region, Western Frontier
- 4 Agricultural machinery**  
Serra (Caxias do Sul, Bento Gonçalves), Northwest region, Passo Fundo
- 5 Petrochemical chain**  
Metropolitan area (Triunfo, Canoas)
- 6 Specialty regional products**  
Serra (wines and sparkling wines—Bento Gonçalves, Garibaldi, Flores da Cunha), Campanha region (olive oil), Missões region (yerba mate), Taquari Valley (pecan nuts)
- 7 Digital products and services**  
Porto Alegre, Metropolitan area, Santa Maria, Pelotas
- 8 Health**  
Porto Alegre, Caxias do Sul
- 9 Machinery, equipment and semiconductors**  
Serra (metal-mechanical hub), Metropolitan area (electronics and semiconductors—Porto Alegre and São Leopoldo)

The Economic, Inclusive and Sustainable Development Plan defined **12 strategic sectors** with greater potential to generate employment, income and innovation in the coming years. These sectors are distributed across the state's different regions, reflecting local strengths—from livestock and winemaking in the Campanha region to the automotive and metalworking hub in Serra, from tourism in the Coast and the Missões region to advances in digital technology and health in the Metropolitan area.

**CAPTIONS:**

- |                            |                   |             |
|----------------------------|-------------------|-------------|
| Agricultural and livestock | Petrochemicals    | Fertilizers |
| Automotive                 | Regional products | Forestry    |
| Solar energy               | Digital products  | Tourism     |
| Wind energy                | Health            | Cities      |
| Agricultural machinery     | Metalworking hub  | Capital     |
|                            | Electronics       | BR-116      |





anticipate national trends. Artur Lemos, the government chief of staff, cites the example of biomethane. “Even before the National Petroleum Agency [ANP] had established any rules and the discussion was still nascent, Rio Grande do Sul forged ahead by creating its own regulations through legislation, offering investors stability, certainty, and a clear legal framework for investment,” Lemos says. The practical result came this year with the start of operations of a biomethane plant from a sanitary landfill in the city of Minas do Leão, 90 kilometers from Porto Alegre.

TRANSFORMED BUSINESS ENVIRONMENT

A single figure illustrates RS resilience: even while confronting the greatest climate catastrophe in its history—the floods of 2024—Rio Grande do Sul still succeeded in attracting more than USD 19 billion in private funding commitments last year—a historic record. The standout project was from the Chilean pulp producer CMPC, which is expected to reach USD 5 billion for a new production facility—encompassing the mill itself, a port terminal in Rio Grande and the expansion of its forestry assets. “If we consider a single investment, this is the largest in the history of Rio Grande do Sul,” highlights Ernani Polo.

One major competitive advantage, authorities point out, is the transformation of the business environment. The state implemented a bureaucracy reduction agenda that radically changed deadlines and processes. In environmental licensing, a historically challenging area, the results were significant: a reduction from more than 300 days to an average of 30–45 days of waiting, with clear regulations for wind projects and licenses for green hydrogen projects. Lemos notes that the philosophy behind the changes is clear: “Without development there is no environmental protection; development is necessary to protect.”

Governance for the reduction of bureaucracy involves specific instruments, such as the Committee for Good Tax Practices, which brought in the private sector to propose improvements; the State Council for Debureaucratization and Entrepreneurship, which resulted in the definition of more than 700 activities that can obtain fire department permits, environmental licensing, or company incorporation in less than 24 hours; and the Rio Grande Plan Council, established after the floods to identify systemic improvements. The Gaucho strategy presents a realistic reading of the structural challenges. RS recognizes historical limitations, such as the imminent population decline, with net emigration of 700,000 people in the last 20 years, and logistical infrastructure still concentrated on the mode (88% of transport). In contrast, it also

WHERE TO INVEST

The 12 strategic sectors prioritized by the Rio Grande do Sul Development Plan

- 1 AGRICULTURAL AND LIVESTOCK CHAIN Grains, meats, milk, and premium processed foods with traceability
- 2 FORESTRY, PULP AND PAPER Forest base for biomaterials, biochemicals, and engineered wood
- 3 ENERGY TRANSITION PRODUCTS Biodiesel, renewable energy, biogas, and green hydrogen
- 4 FERTILIZERS Enriched fertilizers, green fertilizers, and biofertilizers
- 5 PETROCHEMICAL CHAIN Conventional resins evolving towards recycled polymers, and bioplastics
- 6 AGRICULTURAL MACHINERY Automated equipment with AI for precision agriculture
- 7 AUTOMOTIVE AND CHAIN Electric vehicles, electronic systems, and high-tech parts
- 8 MACHINES, EQUIPMENT AND SEMICONDUCTORS Industrial robots, additive manufacturing, and chips
- 9 TOURISM Premium experiences and digital tourism in Serra Gaúcha and other regions
- 10 HEALTH Diagnostic equipment, precision devices, and advanced therapies
- 11 SPECIALTY REGIONAL PRODUCTS Wines, olive oils and gourmet foods with a Gaucho identity
- 12 DIGITAL PRODUCTS AND SERVICES Software development, data centers, and artificial intelligence



Presentation of the Economic, Inclusive, and Sustainable Development Plan: the Document provides a complete diagnosis of RS and strategies to boost the state’s GDP

highlights key strengths, including ranking first in the nation for innovation, having the greatest per capita density of technology parks, and a solid educational base. Secretary Ernani Polo acknowledges that the timing of implementation is complex. “This plan is being implemented at a very challenging time, because Rio Grande do Sul is losing its demographic bonus,” he says. To compensate for this demographic challenge, the government is relying on a boost in productivity, driven by strategic investments in education and particularly by expanding full-day schools.

To achieve the projected growth of 3% per year, the state will need to increase the share of productivity in annual GDP growth by 12 times compared to its recent history. It sounds ambitious, but the study shows that countries with comparable economies—Uruguay, Poland, and Romania—achieved similar growth over equivalent periods. The difference lies in the concentration of efforts: instead of dispersing resources, Rio Grande do Sul is focusing on smart specialization. The creation of Invest RS in 2024 represented a milestone in the professionalization of resources attraction. The agency has already mapped 75 priority projects, worth a total of nearly USD 9 billion, for its first operational phase. It offers practical tools such as a unified incentives guide and the “RS em Dados” (RS in Data) dashboard, gathering over 150 economic and logistical metrics to facilitate investor decision-making. To expand its reach, Invest RS recently opened an office in São Paulo (see more on page 24).

Beyond its technical framework and deregulated envi-

ronment, RS maintains well-established fiscal incentive programs that complement its investment attraction strategy. The Enterprise Operation Fund of the State of Rio Grande do Sul (Fundopem), managed by the Department of Economic Development, is one of the main instruments of this policy. The program enables companies setting up locally to utilize the ICMS (a value-added tax) generated by their operations to write down funding costs, which serves as a financing mechanism that enhances the appeal of the projects. In essence, what it seeks to provide investors is something of immense value: A pairing of strategic foresight with operational agility. The state does not promise miracles, but it presents a technical roadmap that identifies where the best opportunities for return are, weighing not just growth potential but also executional capability. In a country historically marked by abrupt changes in political and economic direction, this methodological consistency can become a valuable asset.

The success of the Gaucho strategy will depend on the ability to transform diagnoses into concrete results. But Rio Grande do Sul presents one of the most structured proposals in the country for navigating global economic transformations without giving up its regional strengths. As Prikladnicki, from Invest RS, emphasizes: “What we are putting in place is a matter of long-term state policy, not short-term administrative politics. It will not end with the current administration—it’s a plan for Rio Grande do Sul.” ●



# BUSINESS

# SHOWCASE



MAURICIO TONETTO/SECOM

Invest RS opens in Faria Lima: Initiative should strengthen strategic sectors, such as biofuels and technology

## New Faria Lima Office to Boost Investment and Accelerate Projects for Rio Grande do Sul's Economy

CARLA ZIMMERMAN

**EDUARDO LOREA, VICE-PRESIDENT OF INVEST RS**, the development agency of the state of Rio Grande do Sul, is in charge of the agency's office in São Paulo, which opened in July. In recent weeks, he says he has lost count of how many meetings he has attended. The schedule has been intense. The meetings include everyone from business leaders and investment fund managers to chambers of commerce and diplomatic representatives from various countries. On average, there are 20 meetings per week—not counting the events that the agency's São Paulo branch hosts at its headquarters, located just a few meters from Faria Lima, the financial heart of Brazil, to discuss business opportunities in areas such as renewable energy, biofuels, and industrial innovation. The participation of Governor Eduardo Leite (PSD) in these meetings has reinforced the importance of the capital of São Paulo—Brazil's financial center—in RS' capital attraction agenda. The companies visiting the office are looking to join other major companies already investing in Rio Grande do Sul, such as Coca-Cola, General Motors, and Epic Games.

It's not hard to understand the interest in Invest RS's São Paulo showcase, which opened in June. With one of the largest GDPs in the country, estimated at USD 133 billion in 2024, or 6% of Brazil's GDP, Rio Grande do Sul has been standing out on several fronts. In terms of semiconductors alone, the state accounts for 40% of Brazilian industries. The local electronics industry is also going strong. Last year, it generated around USD 3 billion, according to the Brazilian Electrical and Electronics Industry Association. From automobile manufacturing to energy production,

the potential for generating new business is immense. According to a study by the consulting firm McKinsey, it could reach around USD 12.5 billion in 2030. The São Paulo branch of Invest RS has the mission of paving the way for much of these resources to flow, acting as a bridge between companies, investors, and the Rio Grande do Sul government. "São Paulo is the economic and financial center of Latin America, so our presence in the city is essential," says Rafael Prikladnicki, president of Invest RS.

The new headquarters was designed to accelerate industrial and technological advancement in RS, as well as providing solutions based on sustainability. These three pillars, it is hoped, will establish Rio Grande do Sul as a key player in the nation's innovation and economic growth. "It's a plan with a long-term vision, implemented with the goal of laying the foundations for the development of strategic sectors," analyzes Lorea, head of the São Paulo office. "The initiative will boost job creation, workforce qualification and increase in income". Since



opening the office in the capital of São Paulo, two important agreements have been signed. One of them involves Tellecom Semicondutores, a group based in São Paulo that announced investments of USD 190 million to set up a plant in Cachoeirinha. The municipality in the Porto Alegre metropolitan area, which has been establishing itself as an innovation and technology hub, will also receive an advanced R&D center from Chipus Eletrônica valued at USD 56.6 million. It is no coincidence that the projects are part of key segments for fostering innovation and represent focal points for attracting fundings in São Paulo, in a series of sectors ranging from machinery to tourism and agribusiness. “In all these markets, investment decisions are often made in Faria Lima. That’s why we work with an ambitious new business conversion rate,” says Lorea.

At the same time, positive results have motivated companies like Coca-Cola to ramp up their local investments. “Rio Grande do Sul is strategic for our operations, and we have a strong commitment to the state,” says Mario Cesar Schafaschek, supply chain director at Coca-Cola FEMSA Brazil. The company has already allocated USD 127 million to resume operations at the Porto Alegre factory, which was affected by last year’s floods. Another USD 40 million, which is part of the investment plan for the next five years in Rio Grande do Sul, should be directed to various fronts, such as sustainability, improving the distribution network and energy efficiency. The Gaúcho plan also includes expanding production capacity. As part of this objective, the company recently acquired a manufacturing unit in Antônio Prado, in Serra Gaúcha, with an investment of USD 71.6 million.

The plant will be used to produce Crystal mineral water. By 2027, the new factory should fully supply the markets of Rio Grande do Sul and Santa Catarina. “This venture reinforces the commitment to regional development, the appreciation of the local workforce and the strengthening of Coca-Cola FEMSA Brasil’s presence in the Southern Region,” says Schafaschek.

Other major companies are also investing in Rio Grande do Sul. General Motors announced resources of around USD 226 million in the modernization of its plant in Gravataí, near Porto Alegre. A large part of the resources will be used to produce a new Chevrolet SUV. A benchmark in Industry 4.0 due to its intensive use of robots, smart cameras, and artificial intelligence, the factory is expected to undergo a new cycle of innovation—and job creation. In this context, Gravataí is preparing to leverage the opportunities. One of the initiatives is the Institute of Technology and Computing (Itec), a training center for youth in computer science that shall receive its first classes in 2027. Conceived by entrepreneurs from Rio Grande do Sul and with an estimated investment of USD 75.5 million, the project is philanthropic in nature. Approximately 70% of the budget will be allocated to scholarships, with the aim of expanding access to education for low-income students in the municipality and nearby cities. The intention is to accelerate professional qualification in areas that strongly attract talent. “The arrival of Itec demonstrates Rio Grande do Sul’s maturity in innovation and technology, with an excellent project that will become a global benchmark. It is a decisive step towards the future we are building,” says Prikladnicki.

**INNOVATION AND TECHNOLOGY**

The state’s prowess in rapidly expanding sectors, such as technology and digital business, is also becoming increasingly prominent, including in terms of opportunities with global companies. A prime example is Epic Games, the US giant of electronic games and software development that

**COMPANIES LIKE COCA-COLA AND  
GENERAL MOTORS ARE ALREADY EXPANDING  
INVESTMENTS IN RS, INCREASING PRODUCTION  
CAPACITY AND MODERNIZING FACTORIES**



MAURÍCIO TONETTO/SECOM

made of Rio Grande do Sul its operations center in Brazil by acquiring the Rio Grande do Sul studio Aquiris Game Studio. This merger gave rise to Epic Games Brasil, establishing the company’s first office in Latin America. “We were already developing projects using Epic Games technologies, and the fact that we had achieved significant market recognition was important for us to establish this partnership,” says Maurício Longoni, co-founder of Aquiris and senior director of game development at Epic Games Brazil. Expansion plans continue at full steam. The firm has recently posted dozens of job openings for positions like engineer, animator, and art director. Many of these roles require highly skilled professionals—a requirement that, contrary to the global trend, has not posed a challenge here. “There is a favorable environment in this regard in Rio Grande do Sul, with plenty of talent and many people qualified in areas related to technology and innovation,” says Longoni. “This dy-

Opening of the Invest RS office in São Paulo: Eduardo Lorea; Einani Polo, Secretary of Economic Development of RS; Eduardo Leite; and Rafael Prikladnicki

namism favors the creative economy and innovation”.

In the gaming market, the future offers very favorable prospects. More than 1,000 video game studios operate in the country, according to the Brazilian Association of Digital Game Developers (Abragames). Forecasts for the next few years point to rapid growth, not only in terms of revenue but also in making strides toward greater inclusion and diversity. Female participation, for example, is significant: women represent 52% of the workforce in the segment.

To attract the investments needed to enhance productivity, the state has some strengths in its social and economic composition. Rio Grande do Sul currently boasts one of the country’s lowest rates of inequality and income levels that are higher than the national average. According to IBGE (Brazil’s main statistics agency), the state’s economically active population has a monthly income of around USD 605, a figure almost 15% higher than the country’s average. In terms of human capital—another highly valued indicator—the state has the highest proportion of top-tier universities in the country, according to a study by the National Institute of Educational Studies and Research Anísio Teixeira (Inep). Nearly half of the higher education institutions evaluated in the survey achieved the ranking’s maximum score, placing the local academia in the national lead for high-performing institutions. These milestones, which signal attentive public management and a positive social response, help position Rio Grande do Sul on the map of innovation and global economic development. If it’s up to the new business showcase from Invest RS, located in Latin America’s primary financial hub, an increasing number of companies will be heading South. ●



A combine harvester on display in Rio Grande do Sul: The state is Brazil's largest producer of agricultural machinery and is preparing to grow and increase exports



MORE  
VALUE  
ADDED

Leadership in agricultural machinery, exports, and food production make Rio Grande do Sul an agro-industrial powerhouse with state-of-the-art technology

ANDRÉ MARTINS



F

**EW BRAZILIAN STATES HAVE BUILT** an economic identity as well established in agriculture as Rio Grande do Sul. Since colonial times, agriculture has shaped not only the local economy but also the state’s industrial and cultural foundation. What began as family farms has become one of the most robust agro-industrial complexes in the country. Today, RS is home to the complete agribusiness value chain, covering everything from farm equipment and grain crushing to animal protein processing and biofuel production. With a structured and technological agribusiness, RS exports added value—not just raw materials. Exports of agribusiness and agribusiness input totaled USD 16 billion in 2024, 74% of the state’s exports. When considering Brazil’s agribusiness sector as a whole, Rio Grande do Sul is responsible for almost 10% of all foreign sales. “Our agribusiness is strong and stands out in the country, not least because it helps to spread production techniques throughout Brazil,” says Governor Eduardo Leite.

The robust supply chain in Rio Grande do Sul starts “before the farm gate,” encompassing supplies and machinery. The state is one of the national leaders in the production of agricultural machinery and accounts for more than 60% of tractor manufacturing in Brazil, with emphasis on companies located in the Serra Gaúcha region and the Porto Alegre metropolitan area. This strength is due to the state’s agricultural tradition. “It was from here that emerged solutions to solve the problem of agriculture. “Small workshops have grown into major industries,” says Claudio Bier, president of the Rio Grande do Sul Federation of Industries (Fiergs) and of Masal, a pioneer company in agricultural equipment manufacturing. In the search for productivity, Bier says that his company pioneered a thresher that channeled

A PROFILE OF GAUCHO AGRIBUSINESS

The state brings together the entire production chain of a diversified and family-run sector



**BEFORE THE FARM GATE: Agricultural machinery and implements industry**  
Machines, chemical pesticides, fertilizers, seeds, fleet

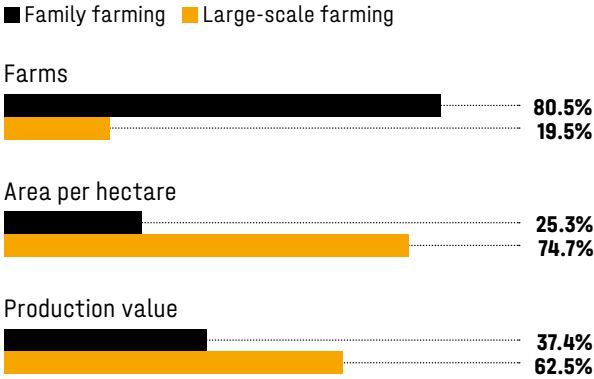


**INSIDE THE FARM GATE: Agribusiness**  
Main crops: Soybeans, rice, wheat, and corn  
Livestock: Chicken, beef, pork, and milk

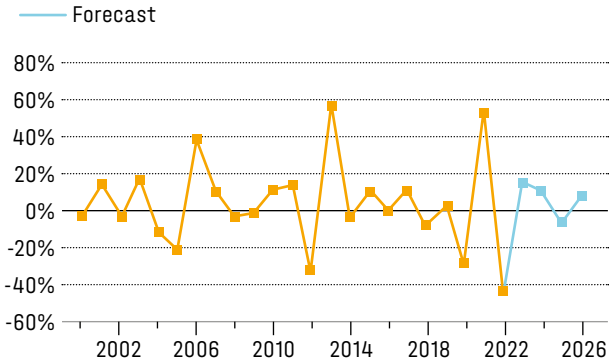


**AFTER THE FARM GATE: Agroindustry**  
Meat and food processing, including slaughtering, milling, and manufacturing  
Starchy products

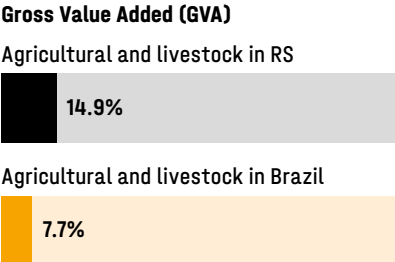
**Characteristics of Rio Grande do Sul’s agribusiness**  
According to the most recent agricultural census, most farms in the sector are family-owned, but the highest production volume is generated by large-scale farming



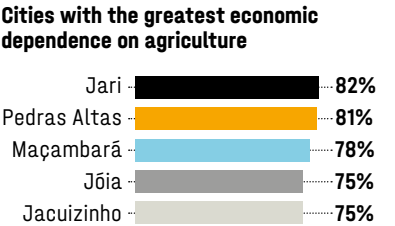
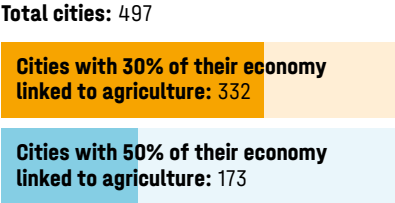
**Agribusiness GDP of Rio Grande do Sul**  
Following a decline in 2025, the state’s agribusiness GDP has a positive forecast for 2026, reflecting primarily the expected recovery in grain production



**Agribusiness size in RS**  
The contribution of agriculture to Rio Grande do Sul economy is 14.9%—almost double the national average



**Agricultural and livestock in the cities of Rio Grande do Sul**  
Most municipalities in Rio Grande do Sul have economies linked to agribusiness



**Agribusiness**

**3,841** agroindustries in RS  
27% of the state’s total industries

**294,204** jobs in agribusiness in RS  
34% of the total

**USD 10 billion** in agro-industrial exports  
45.5% of RS exports

Sources: Rio Grande do Sul Agribusiness Panel 2024, Regional Accounts System of IBGE, and Tendências Consultoria.



Gedeão Pereira, president of Farsul: Rio Grande do Sul’s agribusiness needs to adapt to climate change, which has affected harvests in recent years

rice directly to the drying location, a process that had previously relied on ox-drawn carts. There are more than 571 agricultural machinery companies in Rio Grande do Sul, including local and multinational companies. “Technological advancement is what keeps our sales going,” he says. “The technology we are building into our equipment allows farmers to increase production from the same piece of land.”

Building on this solid foundation, RS is now focusing on the global market. A study by McKinsey consulting projects that the global agricultural machinery market could jump from USD 125 billion to USD 160 billion by 2028, driven by the search for greater productivity. “Farmers face rising costs, extreme weather events, and volatile commodity prices, forcing them to do more with the same area,” says Mikael Djanian, a McKinsey partner in São Paulo. Globally, 35% of farmers plan to invest in technological equipment in the next two years. In Brazil, this percentage is 32%.

As the nation’s second-largest exporter of agricultural machinery, with sales totaling USD 296 million in 2024, Rio Grande do Sul is experiencing





A farmer with his award-winning sheep at Expointer: Gaucho farmers hold on to local traditions and clothing while embracing state-of-the-art technology.

EDUARDO FRAZÃO

a business investment cycle and is providing solutions for further growth. John Deere is investing USD 43.4 million in a plan that extends until 2026. Kepler Weber, which specializes in grain storage, will also allocate USD 20.7 million to its local units by 2026. “Our goal is to have a product with a competitive price for the international market,” says Giovanni Baggio, chief economist at Fiergs. Among the incentives to attract new investments is the State Industrial Development Program (Proedi), which provides up to a 90% discount on land acquisition for new manufacturing facilities. The state administration’s goal is to attract new companies to districts with around 200 businesses, on an area exceeding 5,000 hectares.

The fertilizer sector is another key part of agribusiness for boosting crop yields. Brazil relies on imports to meet 90% of its domestic demand, with a cost of USD 4.7 billion in 2024. Meanwhile, worldwide demand for it increases by around 2% per year, highlighting the importance of encouraging domestic fertilizer production—a costly issue for the agricultural sector due to both expense and geopolitical challenges. For this reason, Rio Grande do Sul is investing to achieve the desired self-sufficiency in the sector—a move that would reduce various risks, such as currency exposure. Currently, the state has 155 active registrations of

establishments that manufactures the supplies. And the outlook is for growth. Begreen Bioenergia e Fertilizantes Sustentáveis, a company with a plant in Passo Fundo, is planning an additional three units for fertilizer production within the state, with investments exceeding USD 15 million. In August, the company received environmental licenses, a major step towards moving to new facilities. “This marks a milestone in the project’s advancement and solidifies our commitment to sustainable development,” the company affirmed in a note regarding its investments.

In addition to new ventures, the state is home to the Norwegian multinational Yara, which began its operations in Brazil from Rio Grande do Sul in 1970. The company’s compound is the largest and most modern facility for fertilizer production, blending, and distribution in Latin America. It accounts for approximately 5% of national production, with a granulation capacity of 1.2 million tons per year and a distribu-

tion and bagging capacity of 2.2 million tons. The solutions serve the three southern states, part of the Central-West, the region known as Mapito (Maranhão, Piauí and Tocantins), Rondônia, in addition to exports to Paraguay and Argentina. According to Marcio Wally, Yara’s commercial director for the Southern Region, the company has invested USD 377 million in RS over the last few years. “This amount was allocated to technology, people development, and the expansion of our space, a move that positioned us for Industry 4.0 and raised the bar for the local industry.” To attract more resources to the sector, the state sees improving the business environment as crucial. Besides making it less complex to start and close businesses, the government is betting on streamlining the standardization and automation of licenses and permits. Based on these initiatives, the government of Rio Grande do Sul estimates that encouraging fertilizer production could represent a potential market of USD 4.9 billion by 2040.

When the machinery and fertilizers pass the farm gate, that’s when planting and harvesting occur—a process that generates 15% of the GDP.

Soybeans and rice are the primary drivers of this outcome. The oilseed crop leads in planted areas, production, and value: 6.7 million hectares cultivated, 20.2 million tons harvested, and a Gross Production Value (GPV) of USD 7.5 billion. The cereal, on the other hand, occupies 900,000 hectares, with 7.2 million tons—nearly 70% of national output—totaling USD 3 billion in value. Corn also ranks among the main crops, with 4.5 million tons produced on 811,000 hectares and USD 1 billion generated.

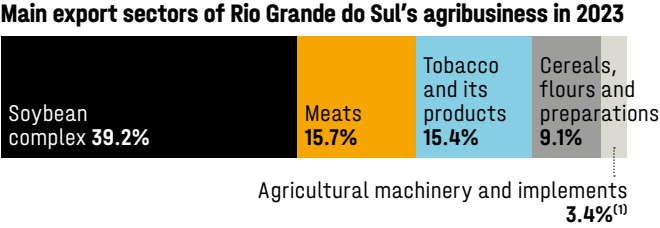
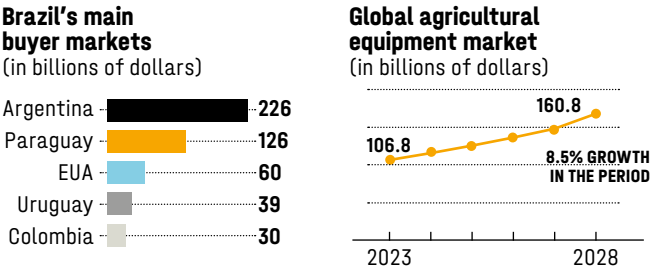
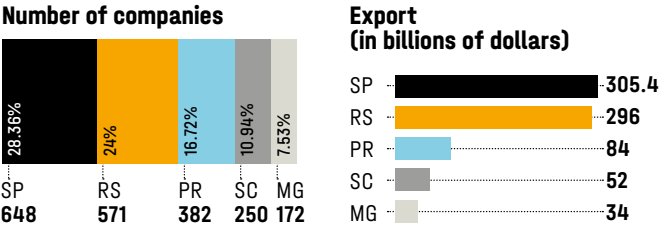
Claudio Bier, president of Fiergs: In RS, small workshops have become large industries to solve problems in the field



EDUARDO FRAZÃO

BILLION DOLLAR OPPORTUNITY

RS sees the agricultural machinery sector as strategic. It is predicted that in three years the global market will reach USD 160 billion. Rio Grande is already ahead in the race



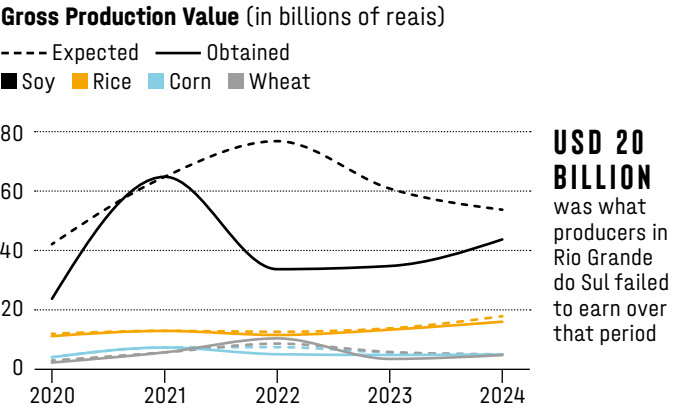
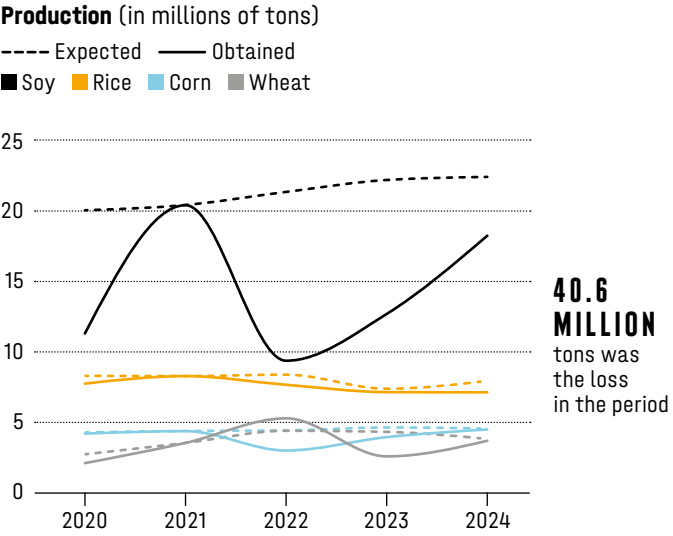
<sup>(1)</sup> Increase of 1 point compared to 2022. Data shows that the sector has room to grow. Sources: Rio Grande do Sul Agribusiness Panel 2024, McKinsey, and Agricultural Machinery and Implements Association of Rio Grande do Sul (Simers).



SHORT-TERM CHALLENGES

Weather-related challenges have led to crop losses and are compelling discussions about extending credit for farmers

LOSSES BETWEEN 2020 AND 2024



SOLUTIONS

The state government and the industry are working to ease short-term debts and increase investments

→ **USD 28.3 million contribution** from the Rio Grande Plan Fund (Funrigs) to facilitate the extension of outstanding rural credit debts

→ **USD 170,3 million in investments** in the Program for Social and Productive, Environmental, and Climate Resilience Recovery of Family Farming in Rio Grande do Sul

→ **20-year extension** of producers’ debt via a bill in Congress

Sources: Government of Rio Grande do Sul, Farsul and IBGE.

Wheat, a significant crop during the inter-harvest period, achieved a Gross Production Value (GPV) of USD 1 billion. Smaller-scale crops like grapes and potatoes are also prominent. Despite occupying smaller areas, they accounted for USD 340 million and USD 264 million, respectively, underscoring the diversity of rural production in Rio Grande do Sul.

This output feeds 13,841 agribusiness facilities, which account for 43.9% of the state's total industry. This is where soybeans are turned into flour or oil, and rice is processed. This transformation involves a diversity of industrial activities linked to agriculture, ranging from meat slaughtering and manufacturing to the production of biofuels. The highlight is the meat industry, which represents 7.1% of the total, followed by the milling of starchy products, such as wheat and corn, with 6.1%. Sectors of dairy products, animal feed, and alcoholic beverages are also gaining relevance, demonstrating how agribusiness in Rio Grande do Sul is more than just primary production: It is a complex, high-value-added chain.

FUTURE CHALLENGES

Given its history, the state is now looking ahead while still considering short-term challenges. After robust agricultural GDP growth of 51% in 2021, Rio Grande do Sul’s agribusiness sector has been showing fluctuating results in recent years. The projection for this year is a drop of 5.8%, according to Tendências Consultoria. The reason: The impact of extreme weather events. The lack of rainfall at the beginning of the year reduced the productivity of crops such as soybeans and corn, in addition to compromising livestock farming in natural pasture regions. Last year, historic floods caused by excess water that hit farmlands resulted in livestock losses and a rural logistics system that was paralyzed for weeks. “We have failed to harvest around 50 million tons of grain since 2020. A very severe impact on producers’ pockets because it deviated from management rules,” says Gedeão Pereira, producer and president of the Rio Grande do Sul Agriculture Federation. He says the impact can be visualized as a 26,000-kilometer line of trucks, which is equivalent to five times the distance between Oiapoque and Chuí, the northernmost and southernmost points of Brazil. The impact amounted to USD 20 billion



RITTA MARTINS

Yara's plant in RS: This single facility accounts for 5% of the national fertilizer demand, a critical contribution for an agribusiness giant

in revenue that producers failed to earn during that period. “No farmer can withstand so many climate disasters,” says Pereira.

Solutions to this challenge involve proposals from the state government and discussions taking place in Brasília. The big question for producers revolves around renegotiating credit in the short term. In 2025 alone, USD 5 billion are due, strangling the funding capacity for planting and investments. As part of the Rio Grande Plan, the Leite administration announced a contribution of USD 28.3 million from the Rio Grande Plan Fund (Funrigs) to facilitate the extension of outstanding rural credit debts with Banrisul. The projection is that the support will enable the extension of up to USD 573.6 million in rural credit, with the maintenance of contractual interest rates and staggered payments starting in 2026. However, for a more structured response, which serves both small and large businesses, the productive sector

supports proposals under discussion in Congress that extend debts to up to 20 years. The measure proposes using resources from the Pre-Salt Social Fund to create low-interest credit lines. “A farmer can access this line of credit to consolidate his debts and end up with a single debt through one financial agent. After payment, the money goes back to the social fund,” says Antonio Luz, economist at Farsul. “Producers need financing to make their farms more resilient and innovative, to bring more productivity to the field.” In addition to resources, farmers welcome RS’ new irrigation policy. Besides making it easier to get licenses for installations, the state contributes up to 20% of the resources to the projects. The goal is to expand the irrigated area by as much as 100,000 hectares, which would be a 33% increase for major rainfed crops like corn and soybeans, serving as a solution to combat drought. Despite the challenges, the sector is expected to resume growth next year. Tendências projects a 7.4% increase in the state’s agricultural GDP in 2026, with a 44.9% recovery in soybean production. “Technology must advance in soil correction and increased tolerance to higher temperatures,” says Gabriela Faria, agribusiness consultant at Tendências. In a global context of striving for food security and clean energy, the Rio Grande do Sul agribusiness model remains relevant, demonstrating that tradition combined with innovation is still a strategic advantage. But now, more than ever, it will be essential to incorporate resilience. ●



# THE VALLEY OF CHIPS

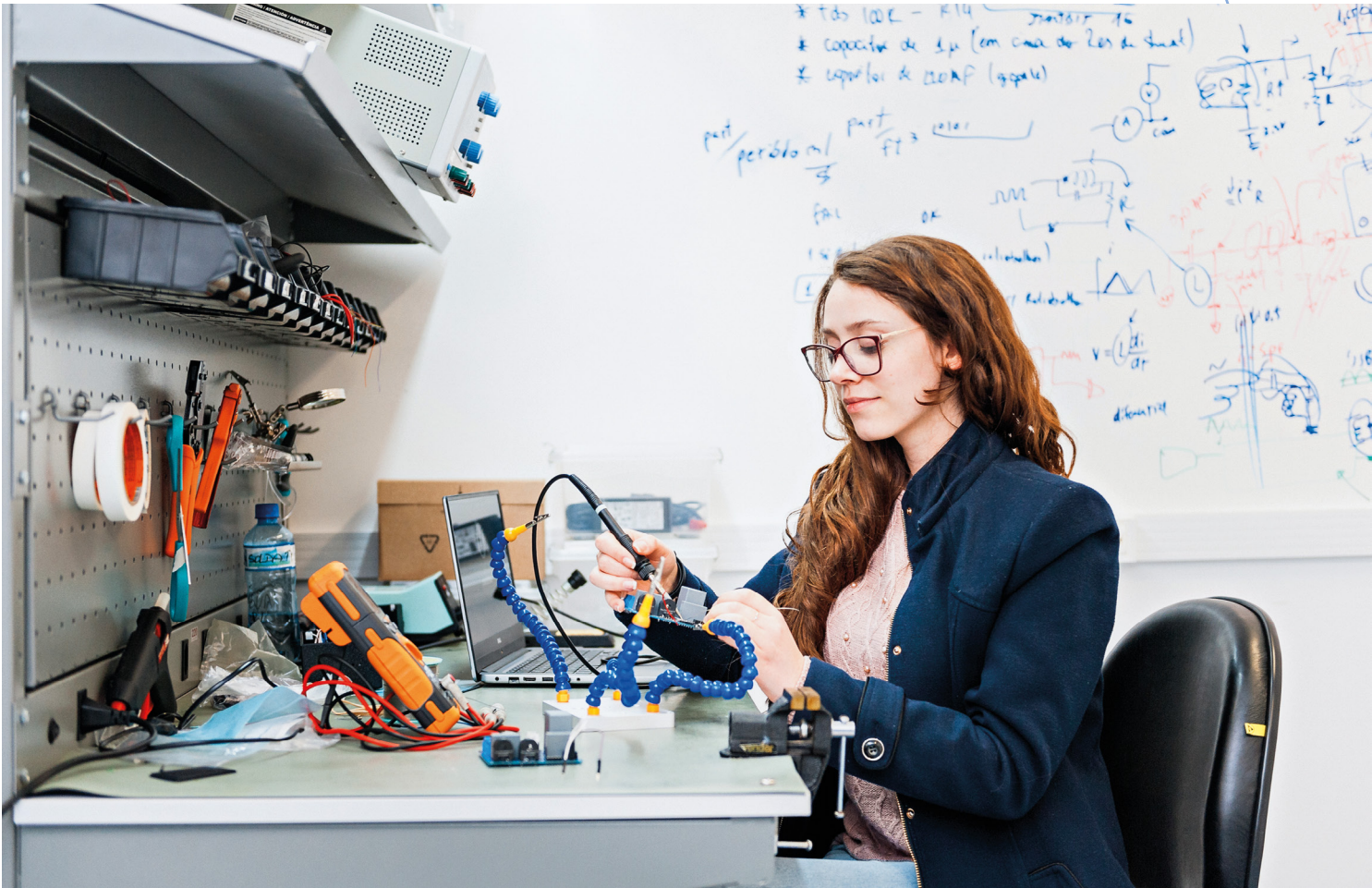
With a skilled workforce, specialized research centers and incentives, Rio Grande do Sul is home to 40% of the country's semiconductor factories

LILIAN RAMBALDI

IN THE GLOBAL LANDSCAPE, FEW SECTORS TODAY are as strategically important as semiconductors, often referred to as the new oil—industrial inputs on which the 21st century world is increasingly dependent. As essential components for modern microelectronics and chip production, they are present in nearly everything: from the cell phone in your pocket to artificial intelligence, and from electric cars to orbiting satellites. At the same time, producing them poses a global challenge, requiring extremely high technological complexity, a fragmented supply chain, large investments and geopolitical concerns. During the pandemic, such vulnerability was exposed: Supply chain disruptions led to global shortage, paralyzing car and electronics factories, for instance. Thus, mastering this technology is to advance in innovation while simultaneously guaranteeing sovereignty and economic competitiveness.

Aware of this context, Rio Grande do Sul has been striving to attract investments from national and foreign companies in the sector. According to the McKinsey consultancy, it concentrates 40% of Brazil's semiconductor production. The interest in the area is driven from a unique combination of factors: The state is ranked number 1 in innovation in the country in the 2025 State Competitiveness Ranking, and it has top-tier science parks, universities of excellence, and specialized research and development (R&D) centers for semiconductors. It also offers strategic location close to Mercosur markets and active public policies specifically supporting this industry. "Rio Grande do Sul is geared towards innovation," says Simone Stülp, the secretary of Innovation, Science and Technology. "We work on competitiveness in strategic areas, and the semiconductor sector is one of them." Expertise is also a key differentiator. Porto Alegre is home to the National Center for Advanced Elec-

40%  
OF BRAZIL'S  
SEMICONDUCTOR  
FABRIQUES ARE IN  
RIO GRANDE DO SUL



itt Chip headquarters in São Leopoldo: Unisinos' technological institute specializing in semiconductors maintains partnerships with companies in the sector, such as HT Micron

tronic Technology (Ceitec), the only state-owned microchip manufacturer in Brazil, established in 2008. "Having Ceitec in the capital has given us unique training in the semiconductor sector," notes Stülp.

ENCOURAGING THE SECTOR

The global semiconductor market, dominated by Asia, is estimated at U\$656 billion by McKinsey and is expected to surpass U\$980 billion by 2029. In Brazil, however, 90% of demand is met by imports, according to the Brazilian Semiconductor Industry Association (Abisemi), due to the history of low investment in the field and the high costs of national production. It is in such scenario that Rio Grande do Sul tries to establish itself as an exception.

Its flagship initiative is the Semicondutores RS program, which aims to foster an ideal environment for the sector to grow. Launched in 2023 under the leadership of the Innovation, Science and Technology Department (Sict), it includes tax incentives and U\$13 million in investments until 2026. The policy's goal is to attract businesses, train professionals and promote applied research. "To achieve this, we maintain a Permanent Consultative Forum which includes representatives from the government, industry and academia," says Stülp.

The qualification of the workforce is considered a key element in sustaining progress. On this front, the state is funding technical specializations and graduate-level scholarships in areas linked to the sector. This year alone, 20 engineers completed the Integrated Circuit Designers course at Unipampa, with a monthly stipend of U\$750. Thirty other students are studying semiconductor encapsulation at Unisi-



nos, receiving U\$940 monthly scholarships. Connected to the Semicondutores RS plan, the RS Talentos program has already granted 400 scholarships at universities for degrees in computer science and also for software, electrical, mechanical, and chemical engineering. The goal is to invest in qualified labor and keep it within the state. “This is a very important asset for us to become leaders in innovation in Brazil,” highlights Stülp.

NEW INVESTMENTS

According to the government, Rio Grande do Sul is the only state with a structured program for fostering the semiconductor industry that is already yielding results. Among the companies already established is HT Micron, located in the Tecnosinos technology park in São Leopoldo, in the metropolitan area, 30 kilometers from Porto Alegre. Part of the South Korean group Hana Micron, the business invested U\$20 million in 2023 in a new plant. Furthermore, it has partnered with the Unisinos Semiconductor Technological Institute (itt Chip), one of the region’s top universities, also in São Leopoldo, to create a specialized structure for expanding production. The English EnSilica has been operating a design center at Tecnopuc—the science and technology park of the Pontifical Catholic University (PUCRS) in Porto Alegre—since 2021. In the same complex is also the American firm Impinj, which specializes in chips for radio-frequency identification tags and readers.

South Summit Brasil 2025: since 2022, the capital of Rio Grande do Sul has hosted the event that connects startups, investors and global corporations

This past June, the development agency Invest RS signed documents with Chipus Microeletrônica and Tellescom Semicondutores. The agreement with Chipus includes the creation of a microelectronics R&D center in a location yet to be defined. Meanwhile, Tellescom has already formalized a protocol to invest U\$190 million in a factory in Cachoeirinha, a city neighboring Porto Alegre, to produce electronic components for the automotive, advanced computing, and communication industries. The project is expected to create more than 1,000 jobs.

“We will encapsulate chips and perform semiconductor tests, focusing primarily on these markets,” explains Ronaldo Aloise Júnior, CEO of Tellescom. He claims that the decision to choose Rio Grande do Sul was based on a combination of factors, including expertise, a qualified labor, and

SEMICONDUCTOR HUB

Why does Rio Grande do Sul stand out in attracting this industry?

Ecosystem of excellence

- Specialized R&D centers
- Highly qualified workforce
- Headquarters of Ceitec, the only state-owned microchip manufacturer in Brazil

International connections

- Proximity to Mercosur markets
- Asian, European and American companies already established

New partnerships

- Chipus Microeletrônica
- Tellescom Semicondutores
- Malaysia Digital Economy Corporation

Government strategy

- U\$13 million in investments until 2026
- Tax incentives
- Permanent collaboration between government, industry, academia and civil society
- Rio Grande Plan, for post-flood reconstruction, worth U\$2.6 billion until 2027



Tecnopuc science park, at PUCRS, in Porto Alegre: companies in the semiconductor chain, such as the English EnSilica and the American Impinj, are part of the ecosystem of the science and technology park of PUCRS

strategic logistics: “Rio Grande do Sul has excellent universities that have been training professionals with advanced knowledge in the sector. It also offers infrastructure, logistics and security, which is essential for us. We also received substantial technical support from the government.”

Rio Grande do Sul also seeks international integration. After a mission to Malaysia, Invest RS and Sict signed a memorandum of understanding with the Malaysia Digital Economy Corporation—a government agency that promotes industry and the digital economy in that country—to cooperate on strategic business ventures, including semiconductors. During a visit to itt Chip, the Thai embassy also expressed interest in doing business with RS.

The 2024 floods—the worst climate disaster in the local history—did not interrupt investors’ plans, which reaffirmed their confidence in Rio Grande do Sul’s business environment. At RS Day, held last May in New York, Governor Eduardo Leite presented the Rio Grande Plan, with its own fund, Funrigs, of U\$4.6 billion until 2027, for reconstruction and attracting new businesses. The government expects that, even after the greatest climate tragedy in its history, the state can emerge more resilient and competitive. If the world begins to measure economic power by the ability to produce chips, Rio Grande do Sul is working to build its future with silicon and circuits. Now the challenge will be to transform the status of a promising hub into true leadership within the global industry. ●

GLOBAL BUSINESS ENVIRONMENT

RS also stands out as the host of the Brazilian edition of the South Summit, an international innovation event that takes place annually in Porto Alegre, bringing together researchers, companies and investors in the area of advanced technology, including the semiconductor sector.

2025 EDITION

23,000	800
participants	investors
3,000	900
startups	speakers

Next edition: March 25, 26 and 27, 2026





# THE DATA CENTERS CITY

With a 570 million dollars private investment, Rio Grande do Sul is preparing to host an unprecedented digital district in Brazil

CÁSSIA ZANON

**IN 1988, WHEN ELDORADO DO SUL,** IN THE Porto Alegre metropolitan area, was named, no one knew that decades later, its “golden opportunity” would come not from the ground, but from the cloud. In 2024, the government of Rio Grande do Sul and Scala Data Centers signed an agreement to establish the nation’s first data center industrial district in the municipality. The first phase of the project will receive an investment of 570 million dollars from the company’s investor DigitalBridge.

The infrastructure for the Scala AI City is planned for a 7-square-kilometer site in an area in one of the regions hit hardest by last year’s floods, which submerged 80% of the municipality, affecting more than 30,000 people. “The announcement of an investment in a region so affected by the floods is already extremely significant, but it goes beyond that,” said Governor Eduardo Leite on the time of the signing. The venture has the potential to generate investments of 94 billion dollars when fully implemented. “We are committed to acting diligently on a national level to create a favorable regulatory environment for data centers and for matters related to artificial intelligence,” he assured.

The initiative represents a strategic response to demands for technology infrastructure, particularly for generative artificial intelligence (AI). A McKinsey study reveals that, by 2030, an estimated 6.7 trillion dollars in global investment will be necessary to meet the increasing demand for computational power, with AI workloads accounting for 70% of that demand.

The initial capacity of the complex in Rio Grande do Sul will be 54 MW, seven times the larger than the combined capacity of the data centers currently operating in Greater Porto Alegre. The expansion potential could reach 4.75 GW, according to the government; the total exceeds the entire consumption of the state of Rio de Janeiro.



Artistic rendering of the Scala AI City, in Eldorado do Sul: The first data center industrial district in Brazil will span a 7-square-kilometer area

The project’s implementation involves ongoing dialogue with the municipal and federal authorities, aiming to establish a robust legal framework with infrastructure for energy, fiber optics, and cooling systems. In an interview with EXAME, Luciano Fialho, Scala’s Vice President of Corporate Development, Energy, and Real Estate, highlighted that the company’s relationship with the government “is as good as it gets, in a consistent, transparent and supportive dialogue.”

The company acquired the land with the assistance of the public administration, which helped with regulatory adjustments. Although the value and exact date of the transaction were not detailed, Fialho sees the state administration’s actions as crucial for finalizing the deal. “We are experiencing a perfect partnership between private and public initiatives. We asked for nothing, not for land donation, not for loans, and not for any kind of tax exemption,” he said. He considers the initiative to be more than a bet, but a direct response to client demands.

## THE GAUCHO ADVANTAGE

The decision to build the AI City in Eldorado do Sul, one of the areas hit hardest by the 2024 floods, was a deliberate one. The new complex is seen as a powerful driver for the state’s economic and social recovery, confirming its resilience and potential to attract new business, even through challenging times. “We are a vibrant state, a hub for important startups and deep tech companies, where we invest in nurturing new talent,” notes Innovation secretary Simone Stülp.

Scala confirms that its choice was driven by the state’s competitive advantages, which go beyond the aforementioned government support. Rio Grande do Sul relies on a mostly clean energy matrix, as 82% of its energy is generated by renewables: Hydro (37.8%), solar (27.5%), and wind (16.6%). Fialho claims that these conditions provide “a much faster track” for projects of this scale.





Simone Stülp, State Secretary of Innovation, Science and Technology: "We are a hub for important startups and deep techs"

## BY 2030, 6.7 TRILLION DOLLARS WILL BE NEEDED TO MEET COMPUTATIONAL DEMAND

This past May, Scala secured authorization from the Ministry of Mines and Energy (MME) to connect up to 5 GW of energy to the Basic Grid of the National Interconnected System, utilizing an existing and underutilized substation in the municipality. For comparison, when it reaches its maximum potential, this demand will correspond to roughly 20% of the peak load currently registered in the Southern Region, demonstrating the project's massive scale. This action expedites the AI City's deployment and substantially reduces initial investments, marking the largest energy investment ever authorized to a data center company in Brazil.

The undertaking will also benefit from the future Malbec international submarine cable, which will pass through Porto Alegre and is scheduled to become operational in 2027. It will enable direct connection to other international markets, increasing data transmission speed and capacity, which is essential for large-scale AI operations and ensures greater resilience for Scala's network.

Additionally, the region's mild weather helps reduce energy consumption for cooling, one of the primary costs associated with this kind of project. This contributes to superior energy efficiency, measured by the Power Usage Effectiveness (PUE)—a metric that compares the total energy consumed with the energy actually used by its servers. With a PUE of 1.2—the lowest in Latin America—the complex will use only 20% of its energy for support infrastructure (such as air conditioning and cooling), while 80% goes directly to data processing. This level of effi-

ciency is particularly relevant, since an AI City dedicated to generative AI requires much more energy than conventional data centers.

### THE ECONOMIC UPSIDE

The project is expected to generate more than 3,000 direct and indirect jobs in its initial construction phase. In the protocols of intent signed with the cities of Eldorado do Sul and Charqueadas, the company committed to prioritizing the hiring of local labor and suppliers, with the intention of attracting companies from its supply chain to the region.

The venture, designed with advanced climate adaptation protocols and risk mitigation systems, is expected to also stimulate a vast ecosystem, encompassing sectors such as energy, civil construction, and telecommunications. Despite the absence of visible activity on the land acquired in 2024, Fialho assures that the project is well underway. The company is obtaining the necessary approvals, including those to bring the fiber



Signing of the Protocol of Intent: The project holds an investment potential of 94 billion dollars

## AI CITY: A DIGITAL HEART IN RS

The hub will have an initial capacity of 54MW, seven times the combined capacity of the data centers currently operating in Greater Porto Alegre

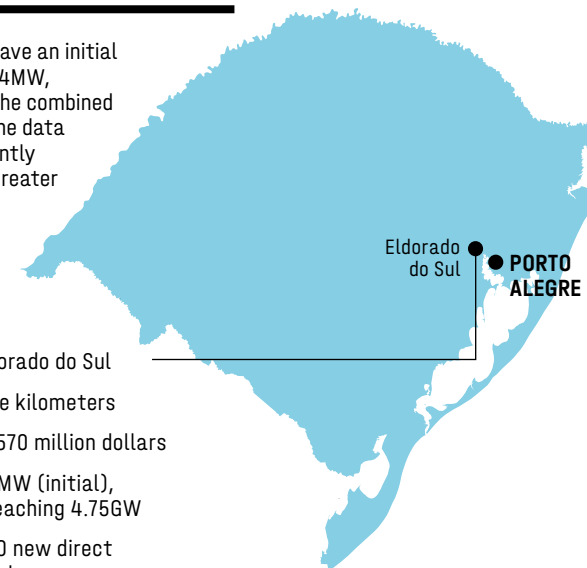
**Location:** Eldorado do Sul

**Area:** 7 square kilometers

**Investment:** 570 million dollars

**Capacity:** 54MW (initial), potentially reaching 4.75GW

**Impact:** 3,000 new direct and indirect jobs



optic network to the site, within the legal timelines. He reinforces that there are no obstacles of regulation or legislation, but rather a process that must be and is being followed.

Scala's AI City promises to stand apart from controversial data centers around the world in its use of water resources. While the specific details of its cooling system are not explicit in the documents, the company will employ a "Future-Proof" design that allows for the installation of racks to support intensive AI workloads with more efficient energy consumption. "It's true that data centers historically consume a lot of water, but this has evolved significantly," explains Christiana Weissshuhn, Scala's Vice President of Marketing and Sustainability. The executive says the company's facilities, for instance, operate on a closed-loop system with a fixed amount of water, using technology "designed for the next 15 years." The first data center unit in Eldorado do Sul is expected to be operational in 2026, upon the completion of all planning, approval, and construction stages. ●



# FROM THE FIELD TO CLEAN ENERGY

PHOTOS: FERNANDO DIAS/SEAPI

**UPHOLDING THE ENVIRONMENTAL AGENDA** has proven challenging for governments around the world. Energy transition goals are being revised, deadlines for reducing emissions are being postponed, and the decarbonization of the economy is moving at a slow pace. In this global scenario of hesitation, Rio Grande do Sul is attempting to be an outlier. The state has been showing consistent results that place it in the lead of Brazil's transformation. The area of deforestation—which has always been a critical issue in Brazil—amounted to 900 hectares in RS in 2024, a decrease of over 40% compared to the previous year, according to MapBiomas, a global network that tracks land use changes. But the people of Rio Grande do Sul advanced in more than just curbing destruction.

The local energy matrix has also undergone significant changes. The share of renewable sources—hydropower plants, solar, and wind farms—increased from 58% in 2023 to 62% the following year. The portion of thermoelectric plants, particularly coal-fired ones, declined accordingly. Most impressive, however, are the reductions in greenhouse gas emissions in agribusiness, a sector at the very core of the local economy. “We are very, very close to low-carbon farming or to emissions neutrality,” says Marjorie Kauffmann, the state's secretary of Environment and Infrastructure. The state expects to present the first results in November during COP30 in Belém. “Preliminarily, we will demonstrate up to a 50% reduction in emissions from key crops, such as soybeans”. At this rate, she says, the 2030 agricultural decarbonization goals will be met.

The results are partly a result of the widespread adoption of more

## GREEN HYDROGEN AND BIOFUELS PUT RIO GRANDE DO SUL AT THE FOREFRONT OF DECARBONIZATION IN BRAZIL—AND IT'S ALL BUILT ON THE STATE'S HIGHLY TRADITIONAL AGRICULTURAL SECTOR

LUCIANO MANENTI

sustainable practices in the farmlands, pastures and herds. This is the case with the adoption of the no-till system—a method that reduces erosion, optimizes fertilizer consumption, and minimizes the impact of agricultural machinery on soil preparation—as well as crop rotation and changes in livestock management.

There is, however, another pillar that supports the energy transition: The incentives are being offered to attract investments in bioenergy. These initiatives not only make Rio Grande do Sul's agribusiness more sustainable but also position the state among the driving forces behind decarbonization in the country. Among the actions are tax incentives, such as the presumed ICMS (a value-added tax) credit for biodiesel production, which increased from 60% to 66.67%. There are also long-term financing lines: In the past decade, the Far South Regional Development Bank (BRDE)—maintained by Rio Grande do Sul, Santa Catarina and Paraná—allocated around USD 887 million to renewable energy generation and transmission projects. In some situations, the local government also grants direct subsidies to strategic initiatives.

An example of these is green hydrogen (H2V), a key component of the local next wave of decarbonization. In short, it's about using clean, renewable energy sources (such as hydropower, wind, solar or sourced from biomass) to split water molecules and obtain hy-

Canola field in Rio Grande do Sul: input for biodiesel production



drogen. This gas, in turn, can be used to produce green ammonia (raw material for manufacturing fertilizer), green methane (a basic reagent for biodiesel production) or as a clean fuel to replace natural gas, coal or diesel oil to generate energy and power machines and vehicles.

“With the support of the state government and private investment, the energy transition ecosystem in RS is evolving rapidly. By uniting technological innovation, sustainability, and the local economy, the projects planned for Rio Grande do Sul demonstrate that the future of energy is being built now, and that it is green,” says Artur Lemos, the government chief of staff.

Cereal ethanol

**What is it**  
It is the same as sugarcane ethanol, but made from cereals

**Raw materials in RS**  
Wheat (primary), as well as corn, rice, and vegetable brans

Expected capacity until 2027

222 MILLION  
liters/year

Green hydrogen

**What is it**  
Hydrogen produced with renewable energy, used as an input or fuel

**Raw materials in RS**  
Hydroelectric, wind, solar, and biofuels

FUELS FOR THE ENERGY TRANSITION

What RS is producing—and what it will still produce

Biodiesel

**What is it**  
Biofuel similar to fossil diesel (blended with diesel sold in Brazil)

**Raw materials in RS**  
Soybean oil (primary), other oilseeds, and animal fat

Production in 2024

2 MILLION M<sup>3</sup>

Rio Grande do Sul

9.1 MILLION M<sup>3</sup>

Brazil

22% of the national total

Biomethane

**What is it**  
Natural-like gas used in energy and transportation

**Raw materials in RS**  
Poultry, swine and cattle manure + urban waste

Expected capacity

100,000 M<sup>3</sup> /day

**Forecast of domestic consumption until 2040**  
600,000 tons/year

GREEN HYDROGEN: THE NEW FRONTIER

Study by the consulting firm McKinsey—commissioned by the local government—projects that developing a green hydrogen industry in Rio Grande do Sul could create 41,000 direct jobs and add USD 11.7 billion to the state’s GDP by 2040.

There's still a long way to go, but the first steps are quite promising. Green hydrogen ventures underway already total almost USD 170 million, which includes a unit at the Refinaria Riograndense that will be able to produce sustainable aviation fuel (SAF) and renewable diesel starting in 2027, with an investment of USD 141,5 million.

Another initiative is that of Begreen Bioenergia, which plans to build two plants where green hydrogen will be used to produce liquid nitrogen fertilizers, with an estimated investment of USD 24.5 million. One of the plants, planned to be installed in Passo Fundo, have already obtained the preliminary environmental license. “We plan to begin construction in the first quarter of 2026 and start operating the following year,” says Luiz Paulo Hauth, Director of Technology at Begreen. The other plant is slated for installation in the municipality of Tio Hugo.

To encourage the development of this industry and foster new projects, Rio Grande do Sul administration created an incentive program that will invest USD 19 million in new companies. A public call for proposals in the first semester of 2025 called on the private sector to submit its projects in this sector. Those selected are eligible for up to USD 5.7 million in grants, provided that they have already invested or are currently investing an amount equivalent to 30% of value to be subsidized. “This condition is important be-



Soybean crops being harvested [above] and in development [below]: 50% reduction in carbon emissions



cause we wanted to select more mature projects,” says secretary Marjorie Kauffmann. Of the 16 projects submitted, 11 received technical approval, advancing to the next stage, in which their economic and financial feasibility is being assessed. “At the end of the process, I believe we will have three or four ventures moving forward,” says Kauffmann.

The remaining initiatives under review have other purposes for green hydrogen, such as energy generation or its use as a fuel. What most of them have in common is that they are intended for consumption within the Rio Grande do Sul economy itself. “Exporting green hydrogen is a possibility, but there are still technical issues that make this operation more complex,” says Ernani Polo, secretary of Economic Development. “Initially, the domestic market is more interesting and viable.”

THE GREEN HYDROGEN INDUSTRY COULD CREATE APPROXIMATELY 41,000 JOBS AND ADD USD 11.7 BILLION TO THE GDP OF RIO GRANDE DO SUL BY 2040



According to McKinsey, demand in Rio Grande do Sul could reach 600,000 tons by 2040, a small portion of the 9 million tons that the Brazilian market will demand by then. What’s unique about Begreen is its potential to make agriculture more sustainable. Nitrogen fertilizers are widely used in traditional crops in Rio Grande do Sul, such as rice, corn, and wheat. Approximately three-quarters of the nitrogen fertilizers applied to Brazilian fields are imported—and their production almost always depends on fossil energy sources, such as oil or natural gas.

THE STRENGTH OF WASTE

One of the consequences of the energy transition in Rio Grande do Sul is the creation of a new type of agribusiness. And the sector that stands out most in this regard is the production of biofuels, which emerge in the wake of public policies that increase the concentration of vegetable oils or ethanol in gasoline and diesel. New biofuel facilities are springing up across the state, occupying space alongside traditional activities like meatpacking plants, dairies, and grain processors and refiners. The expansion of biofuels has an advantage: as renewable energy sources, they help neutralize CO2 emissions from agriculture.

One of the best-established examples is biodiesel, a biofuel produced from vegetable oils, such as soybean oil, or other sources of fat, as that left over from meat production in slaughterhouses. The Future Fuel Law, approved nationwide in 2024, stipulates that the biodiesel blend with diesel fuel, currently at 15%, must reach 20% by 2030 and may attain 25% from 2031 onward. Keeping pace with contracted demand, Rio Grande do Sul produced nearly 2 million cubic meters of biodiesel in 2024, a volume equivalent to almost

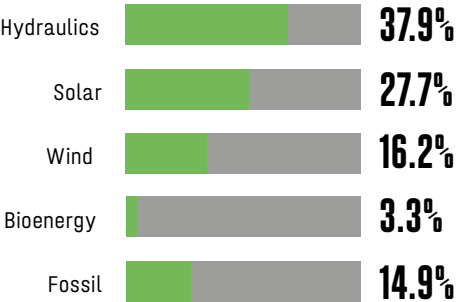


Irrigated soybeans: Gaucho agriculture contributes to the energy transition

fernando dias/seapi

RENEWABLE ENERGY IN RIO GRANDE DO SUL

Current electrical matrix (2025)



85% of the installed power (12.2 GW) is already from renewable sources

22% of the nation’s output. This places RS in competition with Mato Grosso for the title of Brazil’s top producer of this biofuel, which primarily uses soybean oil as a feedstock. It is quite an accomplishment, considering that the area planted with soybeans in Mato Grosso is almost twice as large as that in Rio Grande do Sul, according to the National Supply Company (Conab).

Be8, the largest Brazilian biodiesel company, is also investing to build a facility that will use wheat as a raw material to produce ethanol. This is a significant investment to resolve a dilemma that farmers in Rio Grande do Sul often face after their Summer harvest. Planting wheat is an option for a second

NEW ETHANOL FACILITIES WILL OPEN A NEW MARKET FOR WHEAT AND IMPROVE THE FARMERS’ CONDITIONS

crop and improving profitability. However, the risks are relatively high: excessive rain during the Spring harvest period, which happens frequently, harms quality, prevents the wheat from being used in the production of flour for baking, and reduces the market. It is precisely this low-quality wheat that can be used by the ethanol industry. “It’s a way to increase the Winter harvest and improve conditions for farmers,” says Ernani Polo.

A good example of the type of energy transition and industrialization being encouraged in the Rio Grande do Sul agribusiness chain is that of the family group composed of the logistics company Reiter Log and the agribusiness company Estância Del Sur. Together, they have grossed USD 377 million in the past 12 months.

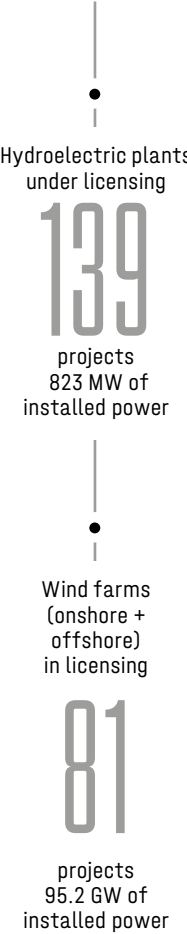
The group is preparing to invest USD 22.6 million in the Geo Del Sur biomethane plant, which will be built in Capão do Leão, in the southern part of Rio Grande do Sul, in a joint venture with the Paraná-based company Geo Biogás. At this plant, manure from part of the cattle herds maintained by Estância Del Sur will be processed to produce biomethane, which in turn can be used to fuel Reiter Log’s trucks—100% of the company’s fleet is currently made up of electric or biomethane vehicles. What remains from the biomethane processing is a biofertilizer that will be used to fertilize the corn crops that Estância Del Sur cultivates to feed its cattle (in the first half of 2025 alone, the company moved 90,000 heads of cattle on properties located in six municipalities in Rio Grande do Sul).

The project was included in the Empreender RS program, created by the state government to support exports and encourage industry. When fully operational, the plant will have the capacity to produce 800,000 cubic meters of biomethane per month and 24,000 tons of fertilizer. The

preliminary environmental licenses were granted by the state government in July. The operations are expected to begin in 2027. A key objective of the venture is to contribute to Reiter Log’s goal of running its entire fleet on alternative fuels by 2035. Currently, biomethane accounts for 35% of the fuel used in its gas fleet. “Today we have the largest fleet of gas-powered trucks in the world and the most sustainable fleet in Brazil,” says Vanessa Reiter Pilz, ESG director at Reiter Log. “With the biomethane plant, we will produce our own fuel and ensure a 100% circular economy. And what was waste will become energy.”

Expanding the supply of green hydrogen and biomethane will be important for decarbonizing both agriculture and the transportation sector—currently the most fossil fuel-dependent activity in Rio Grande do Sul. Alone, it accounts for nearly two-thirds of RS greenhouse gas emissions. The development of the green hydrogen industry, in turn, could reduce emissions in Rio Grande do Sul by 8.4 million tons over the next 15 years, according to the McKinsey study. A state government study estimates that there’s a potential to utilize 80 million tons of agricultural and livestock waste annually for biomethane production. This would be enough to supply almost double the state’s demand for natural gas from a fully renewable source—not counting urban solid waste, which can also be used to generate biomethane. “We believe that Rio Grande do Sul has everything it needs to be a successful case in the energy transition,” says Kauffmann. The results are already evident. Keeping the right path, they will transform the power of the land into fuel for the future. ●

WHAT LIES AHEAD





# CONNECTED TO BRAZIL,

Municipality of Muçum [RS]:  
km 88 of the ERS-129 was repaired  
on an urgent basis in 2024,  
a year that saw record investment  
by the state in highways



PROMOTIONAL MATERIAL

# PREPARED FOR THE WORLD

In post-disaster Rio Grande do Sul, infrastructure investment  
accelerates recovery and attracts private capital

CÁSSIA ZANON

T

## THE COLLAPSE OF THE BRIDGE OVER FORQUETA RIVER,

between the municipalities of Lajeado and Arroio do Meio on the ERS-130, became one of the symbols of the greatest climate tragedy in Rio Grande do Sul. The structure, which supported more than 50,000 vehicles per month, was swept away by the waters on May 2, 2024, isolating communities and severing a crucial connection for the regional economy. Its absence caused delays and increased costs in the transportation of milk, produce, and animal protein, while also harming local businesses and tourism. The affected area, the Taquari Valley, is a strategic connection approximately 120 kilometers from Porto Alegre, between the metropolitan area and the state's highlands. With more than 8,000 kilometers of state roads damaged and 10 bridges rendered unusable, the new bridge's inauguration in April was considered by the government as the tangible completion of the post-flood recovery process. "In 2024 alone, more than USD 320 million from the State Treasury were invested in roads, a figure 11 times greater than the USD 28 million DAER invested annually between 2010 and 2020," the secretary of Logistics and Transportation Juvir Costella told EXAME.

Using resources from the Rio Grande Plan Fund (Funrigs) and the private sector, the state has regrouped for a new phase of recovery to build resilient, flood-proof infrastructure. The restructuring of the logistics

system is considered fundamental to propel the GDP, enhance productivity, and strengthen regional competitiveness. The Rio Grande Plan, led by Governor Eduardo Leite, foresees USD 7.5 billion in investments for highways, sanitation, mobility, health and education. Half of this amount comes from concessions and Public-Private Partnerships (PPPs).

The auction for highway block 2 is still expected to occur in 2025, with an expected investment of around USD 1.1 billion. It includes 415 kilometers of roads between Erechim, in the north of Rio Grande do Sul, and Venâncio Aires, in Rio Pardo Valley, passing through key cities like Passo Fundo, Muçum, and Lajeado. The stretch holds strategic importance because it connects productive areas from the countryside to the main route that leads to the capital and its ports. The auction for highway block 1, which includes roads from the metropolitan region to the northern coast, is scheduled for the first half of 2026 and involves approximately USD 1.2 billion. The contractual innovations include a free-flow tolling system, drainage layers, raised bridges, and geotechnical risk mitigation plans.

The investment capacity is recent. Since 2020, the state administration has promoted administrative, pension, and fiscal reforms that have reorganized finances and created room for significant investments. According to the government, the adjustment created a more predictable business environment, helping to attract around USD 19 billion in 2024. Invest RS, the state's Development Agency, is a key player, working to attract funding to the Economic, Inclusive, and Sustainable Development Plan. The aim is to double the GDP growth rate from 1.5% to 3% per year and to achieve a 20% increase in productivity by 2030. To achieve this, improving logistics and energy is seen as essential. After the floods, the road network is undergoing consistent recovery, with more than USD 500 million already invested in roads, bridges and waterways. An emergency investment of USD 81 million was made to reopen 94% of the state's highway network.

The challenge now is to maintain quality and durability. To this end, Costella reports that the initiatives are following a climate resilience concept, based on studies by the Hydraulic Research Institute (IPH) at the Federal University (UFRGS). "We established the guideline that reconstruction projects must be designed, planned, and executed with a preventive mindset," the secretary says. This includes replacing and raising bridges, viaducts and culverts along with creating alternative emergency routes.

## PORTS, AIRPORTS, AND RAILWAYS

The port system, which comprises the public ports of Rio Grande, Pelotas, and Porto Alegre plus 22 private facilities, serves as one of the key drivers of the



A destroyed bridge in the Taquari Valley is seen in a photo from May 2024: the new crossing was finished in less than one year

regional economy. Managed by the public company Portos RS, is the largest cargo handler in the South and the fifth in the country. Its annual average of 45 million tons makes it essential for the flow of production and connection to trade.

The 2024 floods paralyzed the Port of Porto Alegre for two months and the Port of Pelotas for 15 days. The Port of Rio Grande continued to operate. To repair the damage, the government allocated USD 7.5 million to the capital's infrastructure. At the same time, it invested USD 138 million via Portos RS, USD 130 million of which were used in dredging and bathymetry at the Port of Rio Grande.

The railway network is 3,823 kilometers long, but even before the floods only 1,680 were operational. After the calamity, only 921 kilometers remained. The floods interrupted the transportation of liquids and the rail connection with the country. The federal concession for the Southern Network, operated since 1997 by Rumo, is struggling with a lack of modernization and a slow average speed of 12 kilometers per hour—the fourth slowest in Brazil. The volume of freight transported by train has dropped by almost 50% in 18 years.

Concerned with Rumo's proposal to reduce the network, the government of Rio Grande do Sul has joined forces with other members of Codesul (Santa Catarina, Paraná, and Mato Grosso do Sul) to defend the railway mode. Technical studies were provided, but the concessionaire did not consider them. The states involved are requesting meetings in Brasília with federal agencies such



PHOTOS: PROMOTIONAL MATERIAL

SYMBOL OF RECONSTRUCTION

The bridge over Forqueta River, on ERS-130, between Lajeado and Arroio do Meio, was replaced by a structure designed to withstand new climate events



5

meters higher than the previous one



512

meters of extension (51 meters more than the previous one)



10.7

meters wide, with two lanes of traffic and passage for pedestrians and cyclists



234

tons of steel



2.227

cubic meters of concrete in its construction

as the National Department of Railway Transportation, DNIT, ANTT, the Ministry of Transportation and the Audit Court.

Besides freight transportation, a groundbreaking initiative is set to influence tourism: a passenger rail line connecting Porto Alegre and Gramado. The SulTrens venture calls for 138 kilometers of tracks and 13 stations in a one-hour journey. The USD 700 million investment shall be entirely private, with operations expected to take place within seven years. SulTrens is a consortium comprised of RG2E Engenharia Consultiva, STE Engenharia, and BF Capital.

Regarding air travel, the state experienced a major setback: the floods closed Salgado Filho Airport, which is managed by the German company Fraport, and it only became fully operational again in December. The case led the government to strengthen inland airports as an alternative. Around USD 7 million was invested in regional aviation. Hugo Cantergiani Airport, in Caxias do Sul, received USD 2.6 million to expand its terminal, runway, and equipment. Torres Regional Airport received USD 380,000 to renovate the terminal and purchase equipment. The Canela Airport, on the other hand, was given USD 280,000 for drainage and fencing. The Rio Grande Plan foresees the auction of Passo Fundo and Santo Ângelo Airports, with investments of almost USD 19 million for 30-year contracts.

PORTO ALEGRE-GRAMADO TRAIN

Estimated figures for deployment and operation

6,500

direct jobs

15,900

indirect jobs

Planned structure

138 KM

of rails

13

stations

27

road-rail crossings

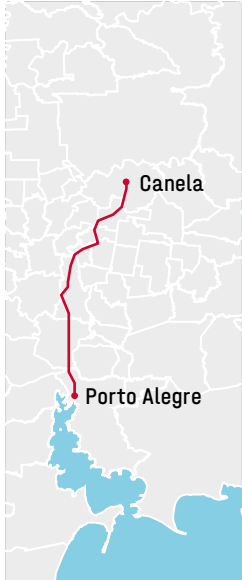
15

bridges and viaducts

9

tunnels

THE TRAIN WILL PASS THROUGH 19 MUNICIPALITIES AND HAVE AN AREA OF INFLUENCE IN 22



1. Porto Alegre
2. Canoas
3. Cachoeirinha
4. Gravataí
5. Esteio
6. Sapucaia do Sul
7. São Leopoldo
8. Novo Hamburgo
9. Campo Bom
10. Dois Irmãos
11. Sapiranga
12. Araricã
13. Parobê
14. Taquara
15. Morro Reuter
16. Nova Hartz
17. Igrejinha
18. Picada Café
19. Santa Maria do Herval
20. Três Coroas
21. Gramado
22. Canela

ENERGY AND INNOVATION

The electric grid of Rio Grande do Sul is a competitive advantage—82% of its energy comes from renewable sources. The transmission network has 11,000 kilometers of lines and another 3,000 are under construction, with new auctions underway. The focus on clean energy and the mild climate attract data centers, which can operate without water for cooling. This will happen with Scala AI City, in Eldorado do Sul, a USD 570 million project in the planning phase.

The state's data infrastructure also stands out with the Malbec submarine cable, which expands communications in Brazil and neighboring countries such as Argentina, Chile, Paraguay, and Uruguay. Today, it connects Rio de Janeiro, São Paulo and Buenos Aires, but will have a new 280-kilometer stretch to Balneário Pinhal, where a landing station will be installed. From there, an underground route will take the connection to Porto Alegre—it will be the first time that an international cable will reach Rio Grande do Sul. The project, a collaboration between V.tal and Meta, is scheduled for completion in 2027.

As one can see, the people of Rio Grande do Sul are moving swiftly to secure the foundations—and infrastructure—for a more dynamic and efficient economy. ●



# WHEN TRADITION



Yerba mate: An essential ingredient for the famous *chimarrão*, a product that is exported from Rio Grande do Sul to several countries

JOÃO PEDRO RODRIGUES/SECOM

Family farming drives the Gaucho economy with products and cultural narratives that increase the competitiveness of local entrepreneurs

SORAIA ALVES

**WALKING THROUGH THE EXPOINTER PAVILIONS** offers a deep dive into the diversity of Gaucho products that express the essence of the territory. Yerba mate, cheeses, dairy products, sausages, wines, jams, and leather goods are some of the highlights of the event, considered the largest open-air agricultural fair in Latin America.

Organized by the state government, Expointer reached its 48th edition in September, gathering more than 2,500 exhibitors in Esteio, a city near Porto Alegre. The event is a showcase for many producers, especially small ones. According to the Department of Rural Development, in 2023, RS had approximately 365,000 agricultural establishments, of which 80.5% were family farms—around 294,000 properties. In total, about 718,000 people work in the countryside.

“The Family Farming Pavilion is always the most visited at Expointer. This year, we brought together 456 small producers, many of whom have won international awards. Beyond their quality, the story behind these items is also compelling. It’s a work that often passes from generation to generation and values the authenticity of Rio Grande do Sul,” says Vilson Covatti, the secretary of Rural Development.

In an effort to measure the impact of what is called Gaucho traditionalism on the local econ-

omy, Feevale University partnered with the government to map key sectors like agribusiness, tourism, gastronomy, and culture. The results show that, between July 2023 and April 2024, traditionalism generated around US\$850 million for the state’s GDP.

“The local tradition, work ethic in the fields, and world-renowned quality reinforce consumer confidence. The Gaucho identity can, indeed, be a competitive advantage for the regional products,” says Edilson Brum, secretary of Agriculture, Livestock, Sustainable Production and Irrigation of Rio Grande do Sul.

**CERTIFIED QUALITY**

Brum emphasizes that strategies such as territorial marketing, origin and quality certifications, and narratives that connect consumers to the Gaucho culture strengthen competitiveness in domestic and international markets. “The seals of origin on these items are key to increasing the value of wines, cheeses, and other local specialties, as they serve as a guarantee of origin and quality. For Rio Grande do Sul, these seals reinforce regional identity, position products in higher value-added categories, and increase international interest,” he explains.

Agroindústria Zago, from Hulha Negra, in the Bagé region, serves as an example of a business that thrived with the official endorsement of Southern quality. The family business started in 2021 when Sueli Dreher Zago, her

# BECOMES BUSINESS





Sueli and Zair Zago, owners of Agroindústria Zago: The family’s artisanal cheeses have been winning awards since 2021

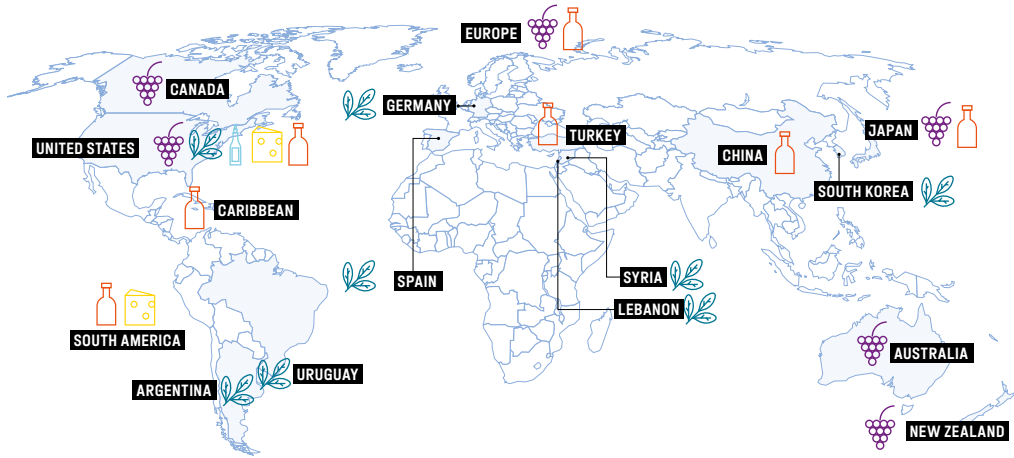
husband, Zair, and their daughters, Milena and Dayza, decided to transform the milk they had been producing for years into cheese, *requeijão* (a type of cream cheese), and *doce de leite* (caramel spread). “At the time, my oldest daughter was graduating in agronomy, and we had the idea of creating an agribusiness to add value to our existing production,” says Sueli. Successive awards at different fairs and competitions—including gold and silver medals for their colonial cheese—opened doors to new customers. “These recognitions attest that our cheese is distinctive and that our quality is the result of a completely artisanal process,” says the entrepreneur. ●



Daniela Zottis, owner of Casa Zottis: Despite the recognition and awards received in recent years, the plan is to always keep the business in the family

## EXPORTING FLAVORS

A variety of products from Rio Grande do Sul have won over demanding palates and markets around the world, turning cultural identity into an export asset



### WINES AND SPARKLING WINES

**Destinations:** Australia, Canada, United States, Europe, Japan, and New Zealand  
**Highlight:** Miolo Wine Group is the largest Brazilian exporter of fine wines, present in around 30 countries. Salton, founded in 1910 by Italian immigrants in the Bento Gonçalves region, has been the market leader for sparkling wine since 2005 and has exported almost 6 million bottles to 32 countries in the last five years.

### YERBA MATE

**Destinations:** Germany, Argentina, South Korea, Spain, United States, Lebanon, Syria, and Uruguay  
**Highlight:** Major brands such as Rei Verde, Barão, and Baldo are among the top mate exporters to over 120 countries that purchase the product from Brazil. Rio Grande do Sul has 14,000 producers and 250 mate industries. In 2023, the 3.48 tons exported brought in US\$7.5 million.

### OLIVE OIL

**Destination:** United States  
**Highlight:** As the first Brazilian olive oil brand to export its products, Prosperato has found an emerging market in Florida. The achievement came after proactive interest from buyers. Similarly, Estância das Oliveiras, a family farm with over 250 medals, recently welcomed a delegation of 13 people from countries such as Canada, the Netherlands, Japan, and Taiwan, all interested in doing business with the company.

### PREMIUM CHEESES

**Destinations:** South America and the United States  
**Highlight:** From Vacaria, RAR exports Gran Formaggio, a groundbreaking grana-type cheese that is the first of its kind to be produced outside of Italy. After a few years of shipping the product to South American countries such as Chile and Paraguay, in 2024 the company entered the American market with a shipment of 700 kilos of cheese to Miami.

### CACHAÇA

**Destinations:** South America, Caribbean, China, United States, Europe, Japan and Turkey  
**Highlight:** Weber Haus, the leading exporter of southern cachaça, was founded in 1948 in Ivoti and started its international expansion in 2006 by shipping bottles to Bermuda, the US, and Puerto Rico. Today, the cachaça distillery takes the drink to 32 countries. With a more recent history, Mandelli distillery, from São Vendelino, gained attention in 2024 by sending its first shipment of cachaças to the US.

## DIRECTLY FROM THE BASEMENT

Casa Zottis Winery, located in the renowned *Vale dos Vinhedos* (Vineyard Valley), in the city of Bento Gonçalves, is another example of a family tradition turned into a business. The company is led by the couple Daniela and Juliano Zottis. She is a winemaker, a career path chosen after learning to make wine with her father in the city of Garibaldi. He is a winegrower who learned to grow grapes from his father and grandfather, who purchased the property that houses the winery in 1974. “The family has always been a supplier of grapes to wineries in the region. In 2014, we began selling the fruits for fresh consumption. Customers would come to buy grapes and end up tasting the wine produced in our basement, which was only for family consumption,” says Daniela.

To keep up with customer demand, production grew from 600 liters in 2015 to 6,000 liters in 2020. The company’s growth demanded changes to comply with sanitary and environmental regulations. The owner says the changes were made possible by support from the Family Agribusiness Program (Peaf), which helps formalize small businesses. Today, Casa Zottis produces 14,000 liters per year, with 28 labels that include sparkling wines and juices. The winery’s accolades include a gold medal at the Brazilian Table Wine Contest for two Embrapa-developed grape varieties, along with prizes from Argentina and at the Wine Awards Brazil.



# GROUND-FIRE, WINE, CANYONS, PAMPAS, LUXURY...

New investments and a diversity of attractions are solidifying Rio Grande do Sul’s position as a travel destination for all ages and purposes

DANIEL SALLES

Caracol State Park: with attractions such as the 131-meter-high waterfall, the site is one of the main iconic spots of Serra Gaúcha



PROMOTIONAL MATERIAL

A

**CUT OF MEAT COOKED ON THE GROUND-FIRE. A HORSEBACK RIDE**

which ends with a glass of wine admiring the Gaucho Pampas. An orange—and unique—sunset on the banks of the Guaíba River, in the capital Porto Alegre. Or a visit to canyons with cliffs over 1,000 meters high. Leveraging its wealth of destinations, experiences, and landscapes—there are 285 travel-friendly cities—Rio Grande do Sul attracted 1.2 million international tourists from January to May 2025, ranking it second in Brazil for foreign leisure visitors. The state government celebrates this figure, particularly since it comes just a year and a half after the state grappled with the largest climate disaster in its history. “Since the floods ended, we have been seeing a consistent recovery, driven by coordinated reconstruction efforts, investments in destination marketing, and efforts to reestablish air and road connectivity,” says Ronaldo Santini, RS’ secretary of Tourism. The challenge for one of Brazil’s states with the greatest cultural, natural, and gastronomic richness is to expand its global and national reach—and establish itself as a must-visit destination in the country. In favor of them: International investors, such as Club Med and Hard Rock Hotel, as well as Brazilian companies are already investing billions in ventures in the state.

The case of the Manda Brasa group exemplifies the positive momentum enjoyed by the local tourism industry. Nearly a year and a half after the 2024 floods, the sector shows resilience and a capacity for reinvention. The company, which suffered losses of almost USD 1.89 million after the flooding of the Cais Embarcadero complex in Porto Alegre, was quick to resume its growth plans. The reopening of the 20barra9 restaurant last November was the first step. The future looks promising, as evidenced by the recent inauguration this past June of the 1835 Carne e Brasa restaurant in Canela, a city located in the Serra Gaúcha, 100 kilometers from the capital.

The restaurant is part of the monumental Kempinski Laje de Pedra real estate complex, whose gross sales value (GSV) reached USD 300 million,





Rota das Hortênsias: The region in Serra Gaúcha offers culinary options such as fondue and Café Colonial

and which will bring to Brazil the first unit of the luxurious German brand. The development includes a hotel, a time-share condominium, and a full-service leisure area, with a planned opening in 2027. “It is an honor to be part of a new luxury hub in Rio Grande do Sul,” says Márcio Kremer Callage, from Manda Brasa. “We built a memorable restaurant that has already become a destination. With the opening of Kempinski, high-end tourism in the region will increase even further. The prospects for the group’s future, therefore, are the best possible”. Serra Gaúcha, a region known for its German and Italian traditions and quality wine, is a natural fit for luxury and gastronomy.

However, as the photos and this report’s introduction illustrate, Rio Grande do Sul is also notable for the diversity of experiences it offers. For families, Gramado is home to Snowland, the first indoor snow park in the Americas, offering year-round snow for kids and adults to play in. In Canela, the highlight is Skyglass, a suspended glass platform 360 meters high above the Ferradura Valley—an attraction that combines adrenaline and a breathtaking panoramic view. Ecotourism also has its place in destinations such as the canyons of Cambará do Sul, in the Campos de Cima da Serra, and the Quarta Colônia Geopark, which has been recognized by UNESCO. Meanwhile, the Costa

### THE CHARM OF GAUCHO WINTER

Rio Grande do Sul has everything it needs to welcome winter visitors—and not only due to the Gauchos’ familiarity with barbecue or the vast number of wineries. Used to colder temperatures, the region has more than enough hotels with a solid structure to manage the cold, as well as a variety of attractions suited for winter. Consider, for example, the Rota das Hortênsias (Hydrangea Route). It links cities like Gramado, known for its blooming streets and handmade chocolate shops, and São Francisco de Paula, surrounded by araucaria pines and lakes.

With all this in mind, the state government launched in August a campaign called “Viva o Inverno Gaúcho” (Live the Gaucho Winter). With actions planned until September, the initiative aims to consolidate Rio Grande do Sul as one of the most sought-after destinations in the country during the colder months, especially between May and September. The target audience? Residents of other states and the Gauchos themselves. The campaign is part of the Rio Grande Plan, a state program aiming to rebuild Rio Grande do Sul. It led to the creation of the “Viva o Inverno Gaúcho” seal, for use by hotels, restaurants, and other businesses interested in promoting Winter tourism.

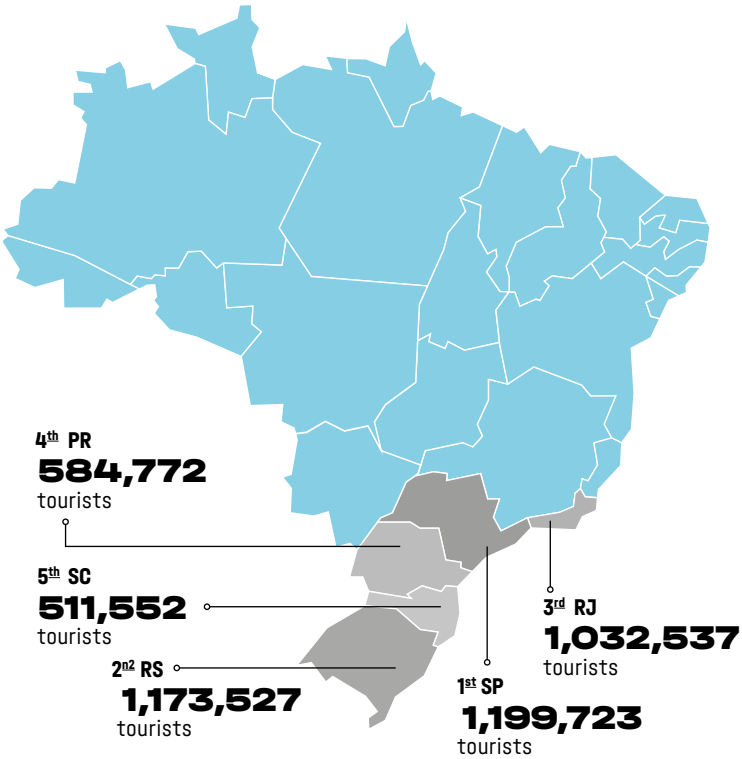
Doce invites you to explore still little-known lagoons and freshwater beaches, while the Missões Region preserves the historical-cultural heritage of the Jesuit period, which will celebrate its 400th anniversary in 2026. For wine lovers, wine tourism continues to expand rapidly, with wineries that combine tradition and innovation.

**TOURISM IS ON THE RISE**

The numbers confirm the good moment. In the first half of 2025, tourism activity in the state grew by 9.4%, the third highest result in the country. In July, the average hotel occupation in Porto Alegre, a city connected to countries in Europe, Central and South Amer-

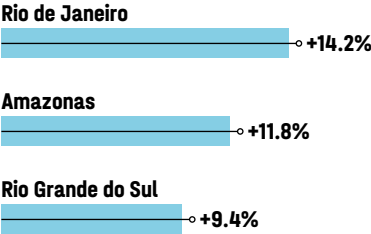
### WHERE BRAZIL RECEIVES THE MOST TOURISTS

São Paulo and Rio Grande do Sul lead as the country’s main entry points in 2025



### THE STATES THAT GREW THE MOST IN TOURISM IN 2025

Ranking brings the highlights of the first half of the year



Sources: Tourism Department of Rio Grande do Sul, IBGE, Embratur and Ministry of Tourism.

ica, has reached its highest level since the floods. The national campaign launched in September 2024, which had a funding of USD 5,7 million, helped position Rio Grande do Sul on the tourism scene. In 2025, specific actions for Winter resulted in 9.2 million intentions to purchase tickets to the region. “One piece of data that truly symbolizes the recovery is the fact that Rio Grande do Sul welcomed the most foreign tourists of any Brazilian state in the first five months of 2025,” says Santini, secretary of Tourism. “We are still in the process of a full recovery, and we know there are still challenges, but the sector’s performance—especially in Serra Gaúcha, on the coast, and in wine and rural tourism hubs—allows us to forecast a very positive Summer for 2026”. The public and private sectors are collaborating in an effort to broaden the tourist destinations in Rio Grande do Sul. Launched in 2022, the Avançar no Turismo (Advancing in Tourism) program allocated over USD 37,7 million for projects in all of the state’s tourist regions—an amount 13 times larger than the one applied in the 17 years prior, made possible by the state’s regained investment capacity. The fundings reinforced access roads, visitor centers, and signage, as well as the revitalization of public attractions, creating a solid foundation for a more competitive and structured tourism sector. On the financial side, the Far South Regional Development Bank (BRDE) created the Mais Turismo (More Tourism) program, which provides credit for working capital and finances

Márcio Kremer Callage, founding partner of Manda Brasa: betting on luxury tourism in Canela





modernization and the acquisition of equipment for tourism businesses. In line with these initiatives, the government launched the O Sul Tchê Espera (South Waits for You) program in last August—a name that, by using the local expression “Tchê,” conveys the Gacho spirit of hospitality. The initiative provides for a budget of USD 39.6 million for marketing, innovation, and training of tourism businesses. From that total, USD 37.7 million will be allocated directly to support business owners, with favorable interest rates.

NEW INVESTMENTS

While these destinations reveal the diversity of Rio Grande do Sul, Gramado is preparing to welcome one of the largest tourism projects in the country: Club Med, with an investment of USD 190 million. Spanning a 36-hectare area, the French project will include a resort, residences, an event center, a heliport, and even a ski slope complete with a cable car. The opening, scheduled for

PROGRAMS THAT BOOST TOURISM

The public and private sectors are collaborating to broaden the tourist destinations in Rio Grande do Sul

AVANÇAR NO TURISMO

USD 37.7 million

for projects in all of the tourist regions

MAIS TURISMO (BRDE)

Financing for the modernization of companies in the sector

"SUL TCHÊ ESPERA"

USD 39.6 million

in marketing, innovation and qualifications

RS TOURISM POTENTIAL IN NUMBERS

A wide range of destinations helps consolidate the return of tourists to the state

1.17 million

international tourists between January and May

9.2 million

ticket purchase intentions for the Winter

2nd state

in Brazil with the most travel-friendly regions (28) and cities (285)

Skyglass, in Canela: A glass platform suspended 360 meters high, combining adrenaline with an awe-inspiring view



PROMOTIONAL MATERIAL

Snowland, in Gramado: Covering 16,000 square meters, the snow theme park features attractions like a ski and snowboard run



PROMOTIONAL MATERIAL

NEW VENTURES IN SERRA GAÚCHA

Billion-dollar investments near Colline de France are strengthening the region’s tourism potential, as the hotel was voted the world’s best by Tripadvisor’s Traveller’s Choice in 2024

USD 190 million

is the expected contribution for the new Club Med in Gramado

USD 300 million

is Kempinski Laje de Pedra’s GSV, in Canela

LAUNCHED IN 2022, THE “AVANÇAR NO TURISMO” PROGRAM ALLOCATED MORE THAN USD 37.7 MILLION FOR CONSTRUCTION PROJECTS ACROSS ALL TOURIST REGIONS OF THE STATE



Colline de France: voted the best hotel in the world in 2024 by Traveller’s Choice

INTERNATIONAL HUB

Porto Alegre connects RS directly to...

South America

Bariloche, Buenos Aires, Lima and Santiago

Central America

Panama City

Europe

Lisbon

2026, promises to attract not only Brazilians, but also international travelers.

More to the south, another project is taking shape. Luiz Eduardo Batalha, known for his olive oil production—his brand is one of the country’s biggest olive oil brands—is putting USD 9.4 million into a new tourism complex in Candiota, in the southern part of the state. Named Terroir 31, the venture emerges among the lakes and olive trees on the businessman’s farms and will feature a 40-bungalow hotel and a residential condominium modeled after Fazenda Boa Vista, with 52 lots of varied sizes. The opening is scheduled for next year.

Batalha, who has previous experience in hospitality—having developed the Hotel Estância Barra Bonita (in the state of São Paulo) and the Aguativa Resort (in Paraná)—also acquired a nearby winery to integrate into the development. Coincidentally already named Batalha (“battle,” in Portuguese), in honor of the Farroupilha Revolution, the winery underwent modernization and is promising quality wines as early as this year. “We’ve transformed the winery’s production area with high-technology equipment,” Batalha says, adding that he’s looking forward to Terroir 31 being completed. “The wines from this year are already fantastic.”●





MATEUS MIRANDA/ASCOM SEDUR

# REBUILDING AND TRANSFORMING

How Rio Grande do Sul converted tragedy into opportunity on the path to a more sustainable economy

ERNESTO YOSHIDA

**THE FLOODS THAT STRUCK RIO GRANDE DO SUL** in 2024 left deep scars but forged a path for an unprecedented reconstruction. A year after the tragedy, the state has transformed urgency into innovation: many projects are now being conceived not merely as an emergency response, but also as part of a broader project of sustainable economy and climate adaptation. “The Rio Grande Plan organizes all our actions. We have already invested more than US\$1.7 billion in initiatives ranging from infrastructure recovery to strengthening climate resilience,” says Deputy Governor Gabriel Souza (MDB). The plan has become the backbone of this transformation, organizing initiatives that test new development models for a more extreme environmental scenario.

River dredging program: A strategic role in preventing disasters caused by heavy rains

The paradigm shift is evident in the reconstruction, which now follows new climate safety parameters. “We are rebuilding bridges and highways differently—higher and more robust bridges, and roads with better drainage,” says the Deputy Governor. This approach positions Rio Grande do Sul as a national showcase for solutions that combine engineering, climate adaptation, and resource efficiency. Pedro Capeluppi, the Secretary of Gaúcho Reconstruction, believes the Rio Grande Plan’s greatest legacy is structural. “Rebuilding is not just about recovering what was lost, but transforming the state into a more prepared and resilient territory,” he says. “This requires a cultural change that involves all of society.”

The plan operates on multiple fronts. In preparation, investments are being made in science, technology, and risk management to better prepare for and anticipate disasters. The state acquired three new meteorological radars, began bathymetry studies on the rivers, and developed a digital terrain model to map vulnerable areas. Civil Defenses were also strengthened. “We have quadrupled the staff and invested US\$190 million in equipment, helicopters, boats, and training for municipal teams,” says Capeluppi. The training of local agents and the acquisition of technology are seen as the foundations for an agile response to extreme events.

On the infrastructure front, about US\$550 million is being invested in highway reconstruction, with special attention to drainage, slope containment, and the prevention of regional isolation. Flood control systems, including dikes and pump houses, are also being repaired, with US\$75 million already earmarked for the projects. In

the housing sector, over 600 furnished temporary units have been delivered until permanent housing becomes available. The governance structure for the reconstruction has been reformed. Within the Rio Grande Plan, the government established a council with members from civil society, municipalities, academia and the private sector. “We hold periodic meetings with different sectors of society to gather feedback and suggestions and monitor the implementation of our actions,” says Gabriel Souza.

## THE ROLE OF THE FINANCIAL SYSTEM

A crucial element of this equation is ensuring that resources reach the communities, acknowledging the need to distribute funds throughout 497 municipalities. The President of the Far South Regional Development Bank (BRDE), Ranolfo Vieira Júnior, highlights the bank’s swift response, which included offering payment suspensions, credit expansion and new emergency lines. The bank renegotiated US\$265 million in contracts, provided US\$75 million for innovative companies and set aside US\$9.5 million to tourism. According to Vieira Júnior, BRDE offers special conditions for sustainable projects. “Around 82% of our operations are aligned with the Sustainable Development Goals [SDGs]. This translates into credit lines with more favorable terms and interest rates—including in foreign currency—for initiatives such as renewable energy generation, energy efficiency, soil recovery, waste treatment, and innovation,” he says. Along the same lines, Badesul President, Claudio Gastal, says that the development agency has allocated around US\$55 million for construction in 44 affected municipalities and more than US\$100 million for business initiatives. “We have a new initiative called Badesul Greener Cities, which provides longer terms and reduced rates for municipal projects that incorporate nature-based solutions with a focus on resilient infrastructure,” Gastal explains.

Equally important, the government is relying on education as a cornerstone of cultural transformation. School curricula are undergoing a review to incorporate training in risk prevention and emergency response. “We want children to grow up knowing how to recognize threats and act with awareness. Countries like Japan and the United States are benchmarks in this field, and we aim to follow their example,” says Capeluppi. Beyond reacting to tragedy, Rio Grande do Sul has become a living laboratory for the green economy, with innovative solutions finding immediate application, proper financing, and institutional collaboration. “No country in the world has completely adapted to extreme events in one year,” says Capeluppi. “We need to ensure that this process continues, regardless of who is in office.” ●





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## THE SOUL OF THE PAMPA THROUGH THE LENS OF TADEU VILANI

Born in Santo Ângelo, in the Countryside of Rio Grande do Sul, Tadeu Vilani is an award-winning photojournalist with a 25-year career at the newspaper Zero Hora. He has just launched the book *Tentos de luz*, which documents 15 years of his work portraying the Gaucho Pampa. Used to the urgency of news, he says that, during these journeys, he learned to “listen to the silence,” transforming his images into a gesture of gratitude for the region’s landscapes and its people. “To photograph the Pampa is more than documenting landscapes. It’s a commitment to preserving memory,” he says. ●

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