



UN Tourism

CAF DEVELOPMENT BANK
OF LATIN AMERICA
AND THE CARIBBEAN

TOURISM DOING BUSINESS
INVESTING IN



MINISTÉRIO DO
TURISMO





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Tourism Doing Business – Investing in Brazil

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TOURISM DOING BUSINESS INVESTING IN



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Luiz Inácio Lula da Silva

PRESIDENT OF BRAZIL

With arms wide open to the world

In recent years, Brazil has opened its doors to visitors who came to attend the world's two biggest major sporting events: the 2014 FIFA World Cup and the Rio 2016 Olympic and Paralympic Games.

These events enabled people from all continents, who had not yet had the opportunity to get to know Brazil, to be enchanted by our country.

The good news about Brazil that has been reported by the international press during these two years of our government has also been decisive in attracting new visitors: the reduction in deforestation in the Amazon and other biomes, our leading role in the fight against the climate emergency and world hunger, economic growth, poverty reduction, the favourable environment for foreign investment, the recovery of the country's credibility and its political, economic and social stability, among other factors.

Proof of this is that 2024 was the best year ever for international tourism in Brazil: we welcomed a record 6,657,377 foreign tourists, an increase of 12.6% compared to 2023.

Since I assumed, for the third time, the Presidency of Brazil, one of my goals has been to recover our country's prominence on

the international scene, which also involves boosting tourism. The upcoming major events will provide confirmation of our logistical and operational capacity to organize and host them.

In November 2024, Rio de Janeiro hosted, in a festive and peaceful atmosphere, the G20 Heads of State Summit. The event was preceded by a new event proposed by Brazil: the G20 Social Summit, which brought together, in the “Marvellous City”, tens of thousands of civil society and social movement representatives from all over the world.

During the G20, we also launched the Global Alliance Against Hunger and Poverty, which has already been joined by more than 140 countries and international organizations, reinforcing Brazil's leading role in building a less unequal and fairer world.

In 2025 we will host COP30 in Belém do Pará, when the planet will debate climate change in the heart of the Amazon Rainforest. And in 2027 we will host another major sporting event: the FIFA Women's World Cup.

Also, in 2025, we will host the BRICS summit, a group that brings together the world's leading emerging economies, whose presidency was assumed by Brazil on 1 January this year.

Our government strives, domestically and globally, to strengthen democracy, transparency and social participation; to promote inclusive economic growth; and to commit to the sustainability of the planet.

Tourism growth is therefore of vital importance for regional development. We are fully aware of the impact of foreign direct investment in this process.

The choice of Brazil to host UN Tourism's Regional Office for the Americas and the Caribbean represents a recognition of our country's importance in world tourism and reinforces our work at the multilateral level.

I would also like to highlight our work in modernizing the legal framework with the new General Tourism Law, enacted in 2024, which

improves the business environment and fosters greater collaboration between the public and private sectors. This law is designed to enable us to add value to Brazilian destinations and ensure greater competitiveness for Brazil.

One of the fundamental pillars of our government is the consolidation of a three-pronged approach that is essential to the success of any nation: credibility, predictability and stability.

The first ensures that people can trust the word of the Head of State. The second ensures that no one is taken by surprise by an abrupt change of course. Finally, stability creates secure conditions for investors.

Being the fifth biggest country in the world in terms of its territorial size, Brazil is a giant in many ways. With more than 8.5 million km², it has more than 7,000 kilometres of coastline, the largest tropical rainforest on the planet and the widest, mightiest river in the world.

Our country is also famous for its warm, joyful people, as well as for its rich culture that makes us outstanding in terms of our music, gastronomy, sports, theatre, dance, cinema and literature, and in so many other areas.

These characteristics are a valuable asset for the exponential growth of tourism. Our country will receive more visitors every year, the world will get to know and enjoy the wonders of our land and the affection of our people, guaranteeing a sustainable return for all those who believe in our nation and wish to contribute to its development.

I will conclude by reaffirming to tourists, businesspeople and investors alike that Brazil is a safe harbour. And, as symbolized by Christ the Redeemer, its arms are wide open to the world.

Luiz Inácio Lula da Silva
President of Brazil



Celso Sabino de Oliveira

MINISTER OF TOURISM OF BRAZIL



Brazil, with its vast natural, cultural and historical wealth, invites the world to discover its huge range of unique destinations and landscapes. We offer a wide range of scenarios that meet the expectations of both travellers and investors alike. From the great Amazon, the Pantanal, the Chapada Diamantina and the Cerrado, to the paradise beaches of the coastline and the vibrant urban spaces of cities such as Rio de Janeiro, São Paulo and Salvador.

We are firmly committed to economic development combined with environmental preservation. Indeed, some 27% of Brazil's territory is made up of national parks, nature reserves and environmental preservation areas, which are under the protection of the federal, state and municipal governments.

That is why sustainable tourism is a priority for Brazil. We have worked constantly, in a decentralized and innovative way, to promote this industry in a responsible manner.

It is in this context that we present the Investing in Brazil guide, the result of a partnership between the Brazilian Ministry of Tourism, the World Tourism Organization (UN Tourism) and the Development Bank of Latin America and the Caribbean (CAF). A publication that will make a decisive contribution to the growth of the sector, in harmony with the conservation of our biomes and our communities.

The guide provides strategic information for national and international investors who are interested in operating in the country's tourism

segment, offering a detailed overview of the numerous opportunities in ecotourism and in cultural, adventure, rural and urban tourism, as well as highlighting the tax incentives, infrastructure expansion and institutional support offered by the Brazilian government.

Our aim is to make Brazil one of the biggest tourism destinations in the world, promoting regional development and providing incentives for entrepreneurship and innovation in the sector. At a crucial time for global tourism, the country is positioning itself as a nation that is ready to offer its visitors authentic, sustainable and unique experiences, while attracting significant investment in tourism projects.

Together with UN Tourism, we are creating the conditions for a successful future, with initiatives ranging from nature and adventure tourism to the business and events market. It is now time to build on the riches that Brazil has to offer, and this guide provides investors with the key to becoming part of a promising journey.

This is an invitation we extend to all you investors: come and discover the opportunities presented in this document, and join us in our quest to make Brazil a world leader in the tourism sector.

Celso Sabino de Oliveira
Minister of Tourism of Brazil



Zurab Pololikashvili

SECRETARY-GENERAL
UN TOURISM



The transformation of the global economy means that tourism investment offers a strategic opportunity for countries to strengthen their markets and international presence. In this context, it is an honour to present *Tourism Doing Business – Investing in Brazil*, a guide that highlights the vast opportunities in the country's tourism sector. With its natural and cultural wealth and solid economic structure, Brazil is emerging as a promising destination for attracting investment and promoting sustainable and inclusive tourism in Latin America.

Tourism is a fundamental pillar of Brazil's development. It drives its growth, promotes the generation of quality employment and reflects its diversity. But our commitment goes beyond the immediate economic benefits, as we strive to achieve a type of tourism that reflects the values of sustainability, respect for the environment, social inclusion and territorial cohesion. This guide reflects that vision by promoting an approach to tourism development that is aligned with the Sustainable Development Goals (SDGs), and through its contribution to a global agenda of shared well-being.

The collaboration between UN Tourism and the Development Bank of Latin America and the Caribbean (CAF) strengthens this commitment. With the support of the Brazilian government, key measures such as the "Investe Turismo" programme (2019) and the National Tourism

Plan 2024-2027 have been launched, promoting competitiveness, connectivity and a type of tourism that respects the environment and local communities. With this guide, UN Tourism and CAF seek to support Brazil's efforts to consolidate itself as a benchmark destination for sustainable and responsible tourism, inviting investors and international partners to join in this shared mission.

With a large and dynamic domestic market, improving infrastructure and an outlook in line with global trends, Brazil is ready to welcome new partners who can contribute to its development and capitalize on its tourism potential. I am confident that this guide will inspire investors to join in this journey towards achieving a type of tourism that can foster sustainable and equitable development and become a driver of progress for Brazil and for the world.

Zurab Pololikashvili
Secretary-General
UN Tourism



Sergio Díaz-Granados Guida

EXECUTIVE PRESIDENT OF CAF – DEVELOPMENT BANK
OF LATIN AMERICA AND THE CARIBBEAN



Brazil is a regional giant of global geostrategic importance. In a country that thinks and does big, tourism is establishing itself as an engine of economic growth, development and wellbeing for its communities.

We at CAF – Development Bank of Latin America and the Caribbean – want to help to promote a greater influx of investment in this strategic sector, in line with the priorities established by the national government. The exceptional combination of its unique biodiversity and the variety of the tourism offer with its accessibility, hospitality and extraordinary cultural richness, make Brazil a world-class destination.

Tourism is synonymous with growth, development and inclusion. It generates one out of every ten jobs in the region, offering great opportunities for women and young people. In addition, it is a factor in revitalizing local economies by promoting local products and services, while facilitating understanding and exchange between cultures. With an approach that reflects the efforts undertaken to adapt to climate change, protect and restore biodiversity and promote conservation – all strategic agendas in which Brazil is a leader and is strongly supported by CAF – tourism offers an ideal way to promote green, inclusive and sustainable growth.

This document is the result of a joint effort by UN Tourism and CAF, with the valuable support of the Government of Brazil, and constitutes a roadmap for promoting investment in tourism services and attractions.

Investment in infrastructure such as airports, docks, roads and utilities, as well parks, hotels and public spaces, benefits not only tourists, but local communities too.

Tourism is a strategic pillar of our institutional work. Our Tourism Directorate promotes the growth of the industry, coordinating public-private initiatives and promoting value chains based on sustainability, innovation and social inclusion. Latin America and the Caribbean are a magnet for FDI in tourism, with projects in the last eight years attracting over USD 30 billion. There is huge potential to continue growth in this direction, rebuilding tourism and strengthening institutions and community ties.

From Sugarloaf Mountain to the heart of Manaus and the vibrant cultural life in Salvador de Bahia, through the marvellous landscapes of the Solimões River and the unparalleled experiences around Iguazu Falls, Brazil still offers much to discover. The investment this guide aims to facilitate will be the ideal starting point to build on its incomparable riches.

Sergio Díaz-Granados Guida
Executive President of CAF – Development Bank of Latin America and
the Caribbean



Ilha Queimada Pequena, Itanhaém, São Paulo

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List of Abbreviations

ANAC	National Civil Aviation Agency
ANPROTEC	Brazilian Association of Science Parks and Business Incubators
ANTAQ	National Agency for Waterway Transport
ANTF	National Association of Railway Transporters
ARPA	Protected Areas of the Amazon Region
IDB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
BNB	Bank of Northeast Brazil
BNDES	National Bank for Economic and Social Development
BRL	Brazilian Real
CAF	Development Bank of Latin America and the Caribbean
CAMEX	Foreign Trade Chamber
COFINS	Contribution for the Financing of Social Security
CSLL	Social Contribution on Net Profit
DTI	Smart Tourist Destinations
DTT	Double Taxation Treaties
EAD	Distance Education Platform
EMBRATUR	Brazilian Agency for International Tourism Promotion
EPL	Planning and Logistics Company
ESG	Environmental, Social, and Governance
FINEP	National Fund for Scientific and Technological Development
IMF	International Monetary Fund
FNAC	National Civil Aviation Fund
IBGE	Brazilian Institute of Geography and Statistics
ICMS	Tax on the Circulation of Goods and Services

IED	Foreign Direct Investment
INCRA	Institute of Colonization and Agrarian Reform
IGI	Global Innovation Index
IOF	Tax on Financial Transactions
IPI	Tax on Industrialized Products
IPHAN	National Institute of Historic and Artistic Heritage
IPTU	Property Tax on Real Estate
IRPF	Personal Income Tax
IRPJ	Corporate Income Tax
ISS	Service Tax
ITBI	Real Estate Transfer Tax
IVA	Value-Added Tax (VAT)
MDIC	Ministry of Development, Industry, Trade, and Services
MERCOSUR	Southern Common Market
OMPI	World Intellectual Property Organization (WIPO)
PASEP	Public Servant Asset Formation Program
PE	Private Equity
PATI	International Tourism Acceleration Program
PIB	Gross Domestic Product (GDP)
PIS	Social Integration Program
PNE	National Energy Plan
PPCDAM	Action Plan for the Prevention and Control of Deforestation in the Legal Amazon
PPI	Investment Partnerships Program
SMEs	Small and Medium Enterprises
RDE	Electronic Declaratory Registry

TIPI	Table of Incidence of IPI (Industrialized Products Tax)
TTR	Transactional Track Record
TUP	Private Use Terminals
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	United States Dollar
VC	Venture Capital

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INTRODUCTION

Tourism Doing Business – Investing in Brazil aims to explore the various investment opportunities and facilities available in the tourism sector, and to highlight the main features that make the country an attractive tourist destination. Brazil presents itself as a market with great potential, driven by a robust economy, unparalleled biodiversity and a developing infrastructure.

The first chapter provides an overview of the global and national macroeconomic context, highlighting the factors that consolidate Brazil as a stable and growing market. Through an analysis of internal and external factors, it outlines the conditions that encourage opportunities in the country.

The second chapter goes on to analyse foreign direct investment (FDI) flows, including greenfield investment in the tourism cluster and the venture capital landscape, with a special focus on sustainability-oriented financing, highlighting trends and key areas for investors in this sector.

The third chapter outlines the main reasons for choosing Brazil, highlighting tourism as a driver of sustainable economic development. It also addresses the importance of education and training, as well as the value of regional diversity as a differentiating factor.

The fourth chapter's analysis focuses on the legislative and fiscal aspects that help attract capital for tourism, along with the available incentives that create a favourable context for investment.

The fifth chapter analyses the current state of the tourism cluster and highlights the main opportunities. It offers a comprehensive overview of the competitiveness of the market and the factors that strengthen it. Finally, the sixth chapter presents the work undertaken by CAF – Development Bank of Latin America and the Caribbean – in the area of tourism, highlighting its role as a source of financing for sustainable development in the region. This chapter highlights sustainable investment and initiatives that are aligned with the Sustainable Development Goals (SDGs), promoting environmentally responsible practices.

This investment guide unpacks these essential aspects and offers a detailed overview of the opportunities and the economic and social context, providing stakeholders with a clear map to help them understand and take advantage of the potential Brazil has to offer.

EXECUTIVE SUMMARY

Overview of Brazil

Brazil, one of the world's largest and most dynamic economies, has a **population of approximately 213 million**.^{*} Its large domestic market and access to regional and global markets make the country a key destination for foreign investment.

- Average GDP growth between 2015 and 2024: **0.8%**²
- Average inflation between 2015 and 2024: **5.7%**.³

Brazil's economy is highly diversified, although its main driver is the provision of services.

- Agriculture and livestock: 7.1% of GDP (2023)
- Industry: 25.5% of GDP (2023)
- Services: 67.4% of GDP, employing 70% of the working population (2023), including tourism-related activities.

More specifically, tourism has proven to be a fundamental pillar of the Brazilian economy, representing 8% of GDP in 2023.

- International arrivals (2023): 5.9 million tourists
- Tourism revenue (2023): USD 9.923 billion
- Average expenditure per tourist (2023): USD 1,167.8.

In 2023, international tourism revenue accounted for 15.3% of the country's total services exports, including direct and indirect impacts, showing an upward trend, since they accounted for 12.3% in 2022; however, they still remain below the 2019 level, when they reached 18.5%.⁶

The Brazilian government has implemented strategies to strengthen tourism infrastructure and promote inclusive and sustainable growth in the sector. **Law No. 14.978 of 18 September 2024⁷ and the National Tourism Plan 2024-2027** establish guidelines to boost competitiveness, foster connectivity and modernize tourism. These initiatives promote investment, improve infrastructure and ensure the country can offer accessible, quality tourism services. These efforts reflect Brazil's commitment to consolidate itself as a world-class tourism destination and a favourable environment for economic development.

5 REASONS TO INVEST IN BRAZIL

While there are numerous reasons to invest in Brazil, five particularly important aspects deserve highlighting.

Guarapari, Espírito Santo

1



ECONOMIC DIVERSITY AND GROWTH POTENTIAL

Brazil is one of the world's largest and most dynamic economies, with a domestic market of approximately 213 million people, generating a **large and ever-expanding consumer base**. Its economic diversification in sectors such as agriculture, renewable energy, technology, manufacturing, infrastructure, financial services and tourism offers a wide range of opportunities for investors. In addition, its strategic location in **South America** and its various international connections facilitate access to regional and global markets. This environment is reinforced by constructive public policies and a constantly expanding infrastructure, which consolidates Brazil as an advanced entrepreneurship ecosystem, thus making the country an attractive, competitive investment destination for companies seeking to expand in an emerging market with great potential.

2



INNOVATION AND TECHNOLOGY AS A DRIVER OF GROWTH

Brazil has positioned itself as a leader in innovation and technology in Latin America and is experiencing a significant boom in its entrepreneurial ecosystem, with remarkable growth in the number of venture capital funds, incubators, technology parks and “unicorns” that are stepping up their activity in the country. This innovative environment is strongly supported by the government through tax incentives and programmes such as the **National Fund for Scientific and Technological Development (FINEP)**, which encourage research and development. In addition, Brazil excels in digital government services and e-participation, and the growing number of destinations affiliated with the **Smart Tourism Destinations** network reflects its commitment to digitalizing tourism. With its recognized innovation centres such as São Paulo and its advanced technology infrastructure, Brazil is an attractive destination for investment in technologies related to the provision of tourism services.

3



INFRASTRUCTURE AND CONNECTIVITY

Brazil offers a robust infrastructure network and exceptional connectivity. Its extensive transport system includes a **31,000 km rail network**, **1.5 million km of highways**, and strategic ports such as Santos, which handle one-third of Brazil's exports. Air connectivity is equally strong, with approximately 500 airports and direct connections to North America, Europe, Asia, Africa and Latin America, with some 36 airlines operating 163 international routes, 78,175 flights and selling 19 million seats in 2023. It is important to highlight that, in September 2024, its domestic air market ranked fourth globally, behind only the United States of America, China and India. This infrastructure and market size, combined with an efficient integrated logistics chain, positions Brazil as a hub for tourism and for all types of international markets, attracting investors who are looking to take advantage of this large, diverse, well-connected and globalized domestic market to expand the tourism offer into other nearby markets.

4



CULTURAL DIVERSITY AND COMPETITIVE TALENT

Brazil, with its cultural diversity and highly skilled workforce, is an attractive destination for investment in sectors such as tourism. With a unique mix of ethnicities, indigenous communities such as the Yanomami, Guarani, Tikuna and Kayapo, and immigrants from Africa, Europe and Asia, the country offers a rich and varied culture that enriches the visitor experience and fosters creativity in innovative products and services. In addition, its local and professionally-trained talent responds to the demands of the global marketplace. This combination of diversity and talent consolidates Brazil as a strong competitor in the international arena, driving a dynamic and competitive market.

5



ABUNDANCE OF NATURAL RESOURCES AND BIODIVERSITY

With its **8.5 million square kilometres**, including 55.4 thousand square kilometres of continental waters, Brazil is the fifth largest country in the world, as well as the most biodiverse. Noted for its variety of climates and landscapes, it is home to unique biomes such as the **Amazon**, the **Pantanal** and the **Atlantic Forest**, making it an ideal investment destination for nature tourism projects. This diversity includes sites of significant importance, reflected in its **eight Natural World Heritage Sites**. Brazil has demonstrated a strong commitment to the conservation of its natural heritage and sustainability, adopting advanced policies to reduce emissions and protect its biodiversity, making it an attractive country for responsible investment in sectors such as ecotourism.



Cristo Redentor, Rio de Janeiro

1

ECONOMIC OUTLOOK

1.1. Global macroeconomic context

According to the International Monetary Fund (IMF), the global economic outlook for the coming years envisions stable growth, with projections of 3.2% for 2024 and 2025.²⁴ This relative stabilization in the growth rate is due to the recovery in trade, a more favourable economic performance, especially in services, control of inflation and resilient demand in the face of the uncertainty generated by the complex international environment.

For Latin America and the Caribbean, after the 2.2% growth of 2023, the IMF projects growth of 2.1% in 2024 and 2.5% in 2025.¹⁵ In Brazil, the 2024 floods have affected growth in the short term, but a stronger recovery is expected for 2025 due to improvements in tax efficiency following the 2023 reform, which will also boost recovery in the tourism sector.

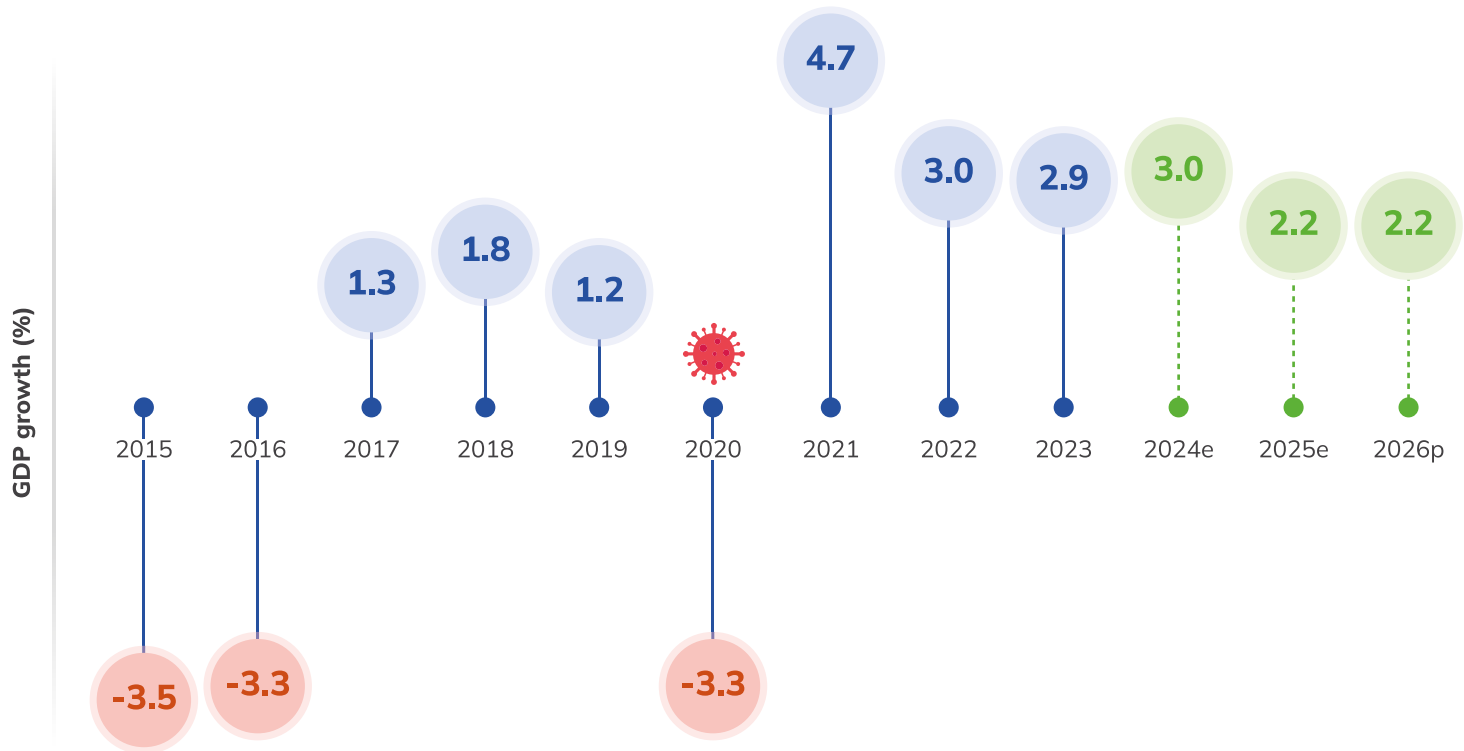


1.2. Macroeconomic context in Brazil

In 2024, Brazil's macroeconomic context showed positive signs of recovery. During the last decade, the country has faced significant economic challenges but has demonstrated its capacity for recovery and resilience. After a contraction between 2015 and 2016, a turnaround could be seen from 2017 onwards, with sustained growth until 2020, when the economy was affected by the pandemic. From

2021 onwards, the country rebounded, with growth of 4.7%, before stabilizing to around 3% in subsequent years. The IMF's latest estimates indicate that the economy is expected to close the year at 3% in 2024, while slightly more moderate growth of 2.2% is projected for 2025 and 2026.¹⁶

Figure 1.1: Gross Domestic Product (GDP) growth, 2015 – 2026e (%)

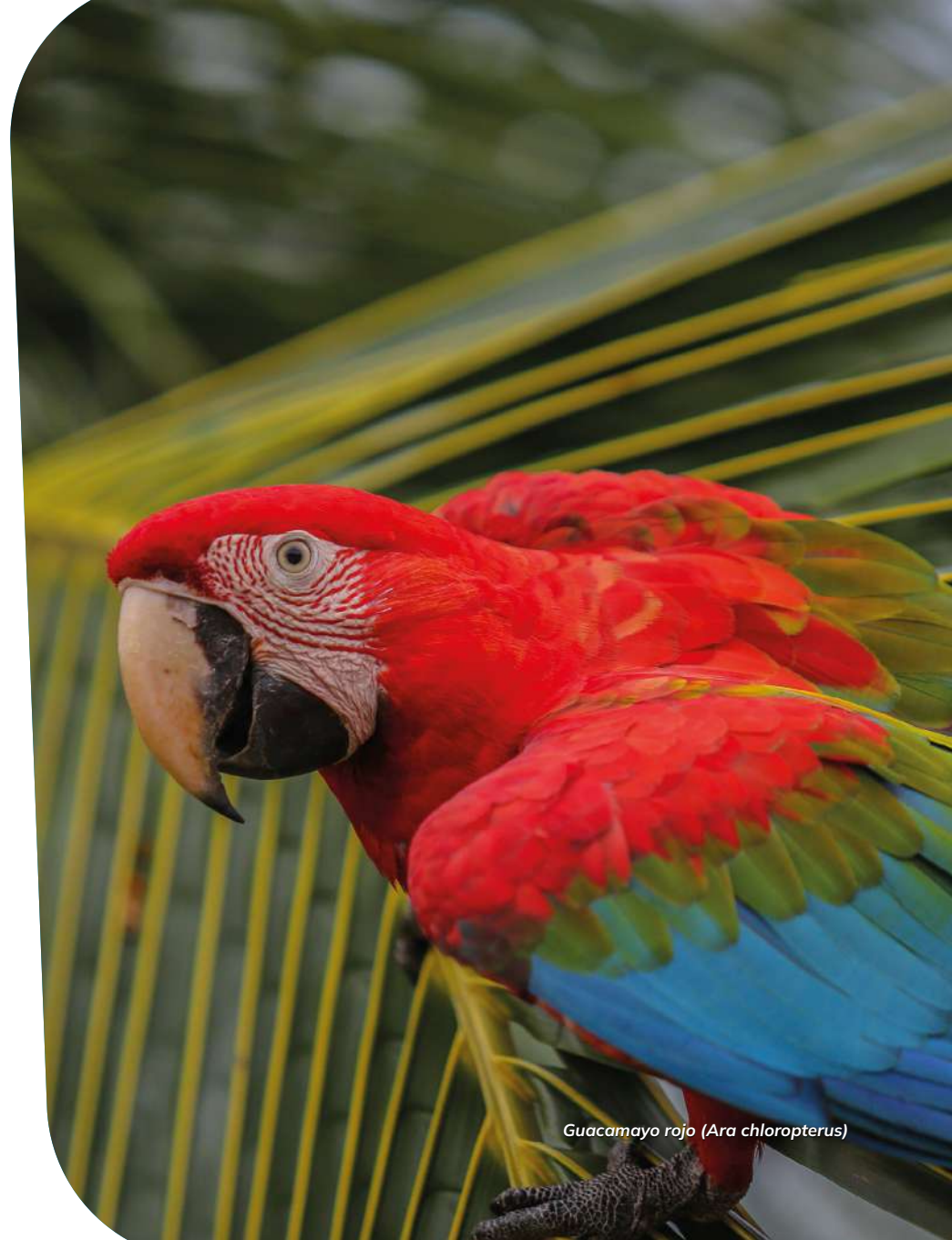


e: estimate
 p: projection

Source: International Monetary Fund (2024), World Economic Outlook - October 2024, (online), available in: <https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024> (23-10-2024).

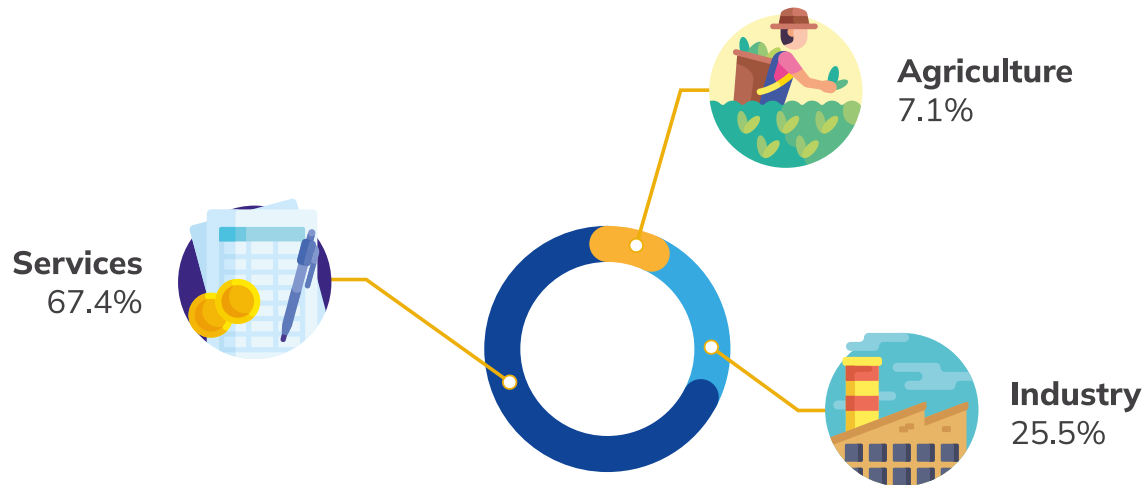
With a GDP of USD 2.174 trillion and relatively controlled inflation of 4.3% in 2024,¹⁸ the economy has achieved a level of stability amid global challenges. Moreover, according to the Brazilian Inequalities Observatory, extreme poverty decreased by 40% during 2023¹⁹ and preliminary figures show that this improvement will continue during 2024, reflecting significant progress in terms of social inclusion and improved living conditions. The economic recovery and the government's efforts through various support initiatives such as the "Bolsa Família" Programme have facilitated this significant reduction in poverty in the country.²⁰

To ensure that Brazil maintains its growth and provides more opportunities, it is crucial that it continues to bet on the diversification of its economy, strengthening infrastructure, investing in education, promoting digitalization, and formalizing all sectors. These measures, along with policies that promote sustainability and social inclusion, will allow for more balanced and resilient development in the face of future global, regional, and national challenges.



Guacamayo rojo (*Ara chloropterus*)

Figure 1.2: Contribution of Gross Domestic Product (GDP) by sectors, 2023 (%)

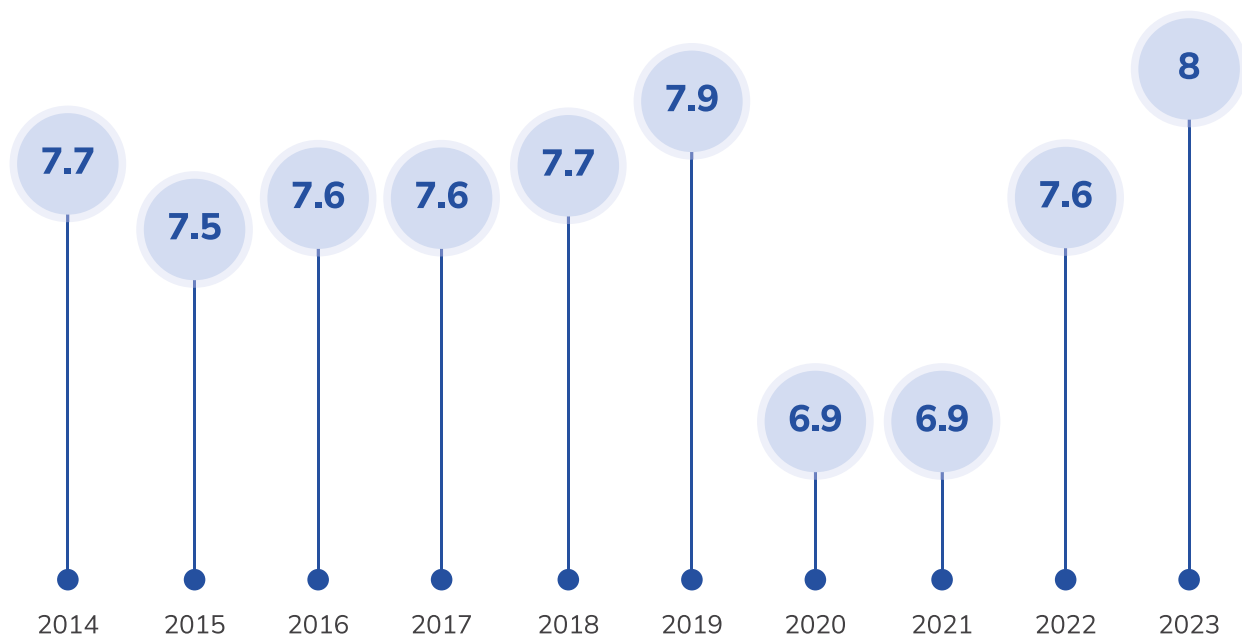


Source: Brazilian Institute of Geography and Statistics (2024), (online), available at: www.ibge.gov.br (30-09-2024)

Brazil has abundant natural resources and a diversified economy. Although agriculture only contributes about 7.1% to GDP, it employs 10% of the population and accounts for some 40% of exports, underscoring its importance in terms of foreign trade. In 2023, the agriculture and livestock sector grew by a remarkable 15.1%, making it a key driver of economic growth. In addition, Brazil is increasingly gaining a foothold in industries such as textiles, aeronautics and the automotive sector, with the industrial sector as a whole contributing 25.5% of GDP, employing around 20% of the population. The services

sector, which accounts for 67.4% of GDP and employs 70% of the population, also experienced growth of 2.4% in 2023.²¹ A breakdown of the services sector includes trade, transport, storage and postal services, information and communication, financial and insurance services, real estate and other activities such as public administration, health, education and tourism-related activities. In recent years, tourism has shown significant growth, consolidating itself as one of the pillars of the services sector and reflecting its potential for the national economy.²²

Figure 1.3: Contribution of tourism to Gross Domestic Product (GDP), 2014 – 2023 (%)

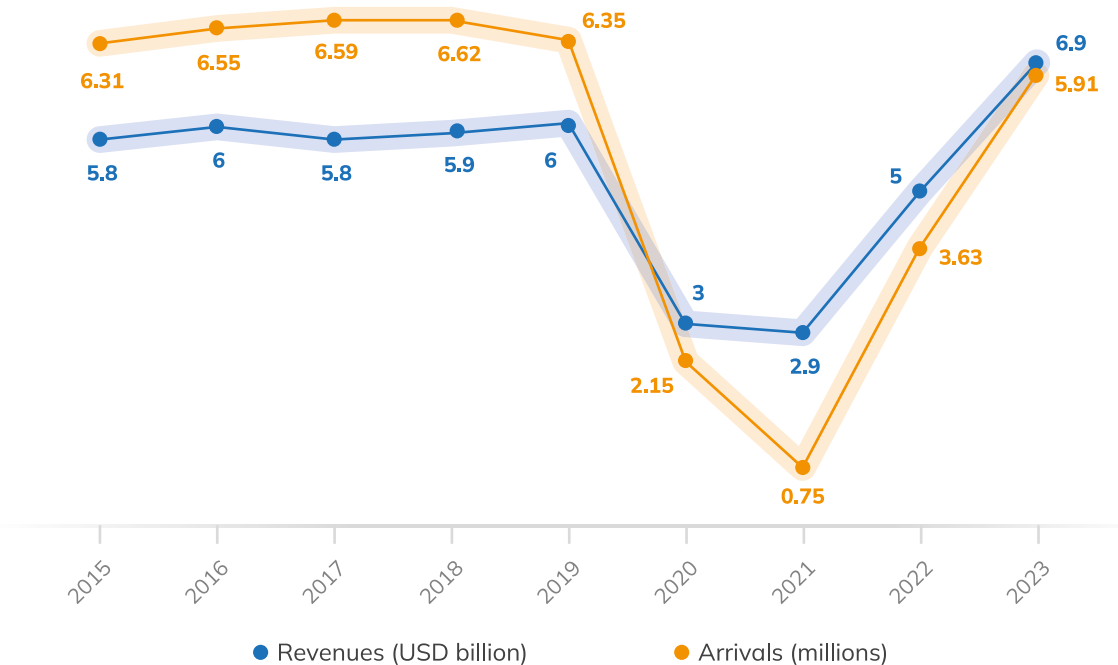


Source: Brazilian Institute of Geography and Statistics (2024), (online), available at: <https://www.ibge.gov.br/estatisticas/multidominio/turismo/9081-economia-do-turismo.html> (30-09-2024).

Tourism has been a key player in Brazil's economy over the last decade, with its contribution to GDP ranging from 7.5% to 7.9% between 2014 and 2019. As the country and the world have moved forward in the

post-pandemic economic recovery, tourism's contribution has grown again, reaching 7.6% in 2022 and 8% in 2023, the highest figure recorded in the last decade.²³

Figure 1.4: Arrivals and revenue from international tourism in Brazil, 2015 – 2023



Source: Brazilian Agency for International Tourism Promotion, (2024), (online), available at: <https://dados.embratur.com.br/inicio/receitas-turisticas> (30-09-2024)

Brazil reached its tourism peak in 2018 with 6.6 million international tourists (staying visitors, including foreigners and Brazilians living abroad). By 2023, the country had managed to recover 93% of its pre-pandemic level, with 5.9 million international tourists arriving mainly by air (67%) and overland (16%).²⁴

The breakdown of international tourists by nationality in 2023 shows a strong return of visitors from key markets such as Argentina (28%), the United States (12%), Paraguay (8%), Chile (6%) and Uruguay (5%), which have contributed significantly to this upturn in tourist flows.²⁵ Source market diversification and promotional campaigns have been key to recovering interest in the country's attractions along with tourist inflows in an increasingly competitive market.

As for the economic impact of international tourism, in 2023 the country received revenues of USD 6,907 million, an increase of 40% compared to the USD 4,952 million of 2022.²⁶ The growth in international tourism revenues is not only explained by a greater influx of visitors, but also

by an increase in the average expenditure per tourist, which went from USD 943.6 in 2019 to USD 1,167.8 in 2023,³² representing an increase of 23.8%. Despite the difficulties caused by various adverse events at the global level, the strong recovery in 2023 underlines the strategic importance of tourism to the country's economic recovery and ability to attract investment.

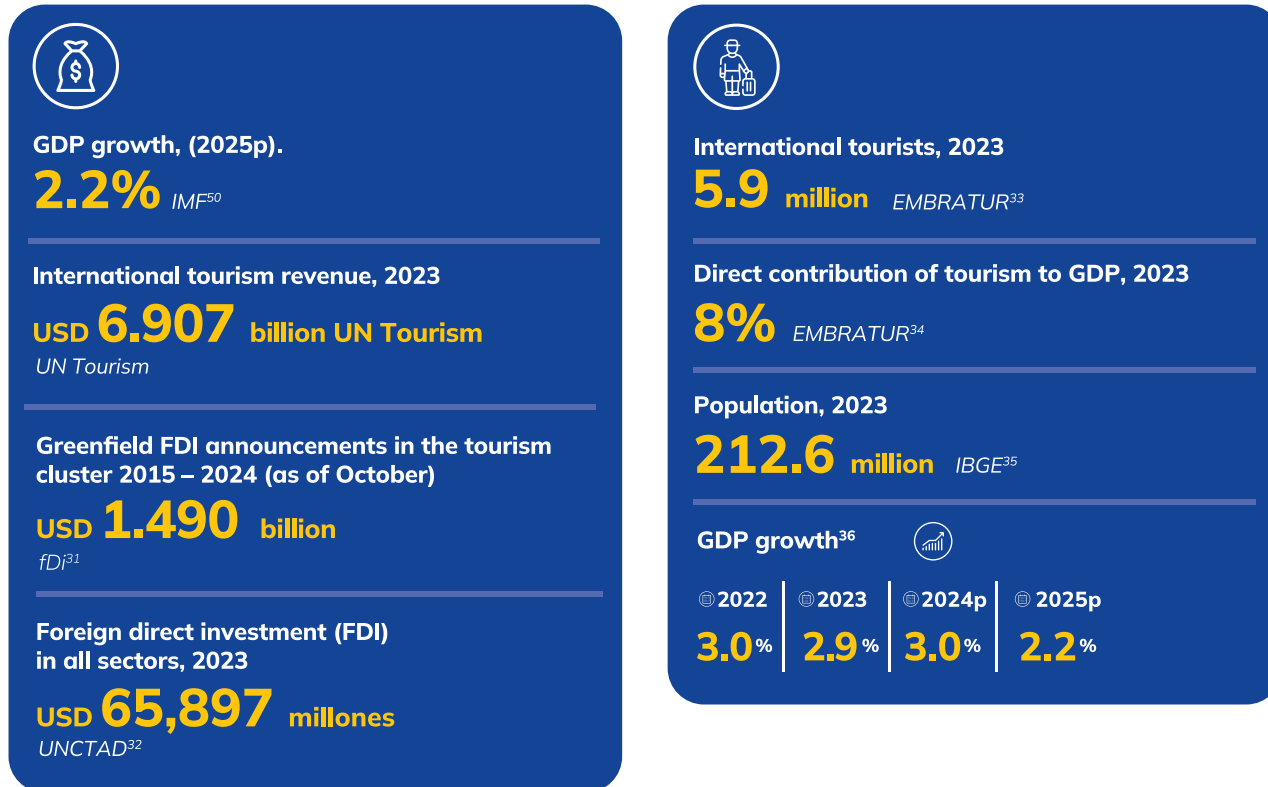
Brazil has shown positive signs of recovery after a decade of economic challenges. Looking ahead, the country has the opportunity to continue its growth by diversifying its economy and investing in infrastructure, education and digitalization. With a focus on maintaining fiscal stability, the country will be assured of a more balanced and resilient development process that can meet current and future challenges.

The following is a summary of the main variables of the country's competitive economic environment in general, as well as tourism in particular:



Brasília, Distrito Federal

Figure 1.5: Competitive macroeconomic context of tourism for Brazil





Praia do Coqueiral, Prado, Bahia



2

INVESTMENT OUTLOOK

2.1. Foreign direct investment (FDI) flows in Brazil

Globally, foreign direct investment (FDI) flows fell by 2% in 2023, mainly as a result of increased commercial and geopolitical tension amid a global economic slowdown.³⁷

In Latin America and the Caribbean, FDI flows remained virtually unchanged in 2023, edging down by 1% from 2022, to a total of USD 193,179 million. This figure remains close to the historic highs achieved in 2021 and 2022, which shows that the region remains attractive to investors. Additionally, it can be seen that, in relative terms, the region achieved the highest FDI growth, with an increase of 14.5% of total global FDI, far exceeding the 9.1% it attracted in 2019, confirming that the region remains competitive as an attractive destination for investment, even in a complex and uncertain environment.³⁸

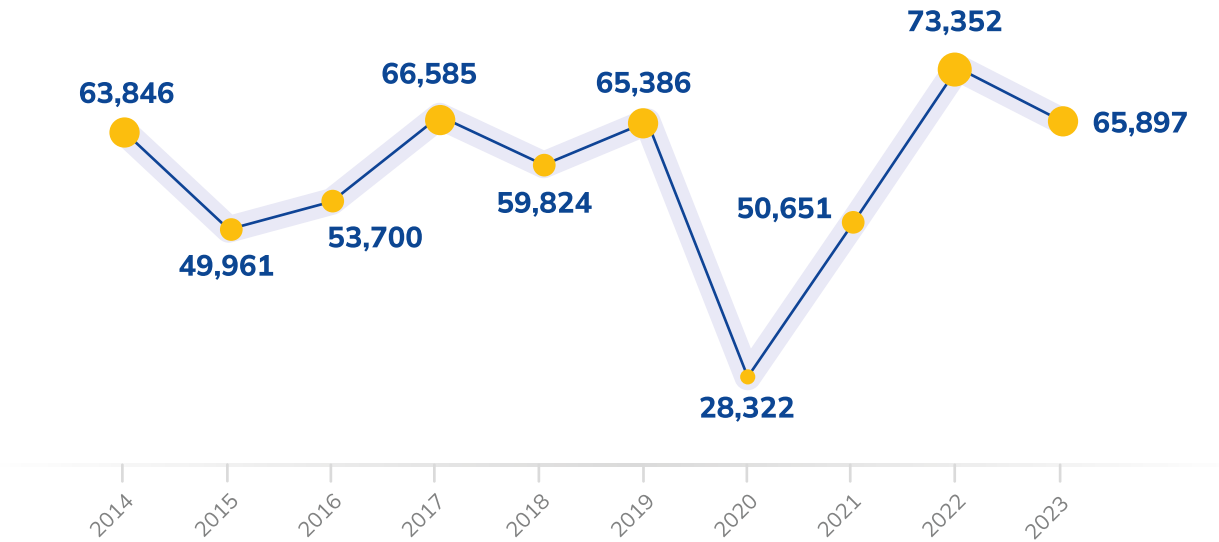
In 2023, the strongest growth was in the Caribbean with inflows of USD 3,748 million (+5% vs. 2022), followed by Central America with USD 46,662 million (+1% vs. 2022), while South America experienced a decrease, down to USD 142,769 million (-2% vs. 2023).³²

In the case of Brazil, FDI inflows amounted to USD 65,897 million in 2023, which represented a decrease of 10.2% compared to 2022, and growth of 0.8% compared to the volume achieved in 2019.⁴⁰ According to the OECD, Brazil was the second largest destination for Foreign Direct Investment (FDI) that year, only surpassed by the United States (USD 341 billion), while Canada ranked third with USD 50 billion.⁴¹

In addition, the Central Bank confirmed the positive trend in attracting FDI; in 2024, Brazil achieved its best March result in 12 years, totalling USD 9.6 billion.⁴²

The 2023 figure is higher than the average annual investment figure for the last 10 years (USD 57,072 million), reflecting the impact of key incentives to facilitate access to foreign investors, which are detailed below.

Figure 2.1: Evolution of Foreign Direct Investment (FDI) in the country, 2014 – 2023
(USD millions)



Source: UNCTAD 2024, (online) available at: <https://unctadstat.unctad.org/datacentre/dataviewer/US.FdiFlowsStock> (18-10-2024).



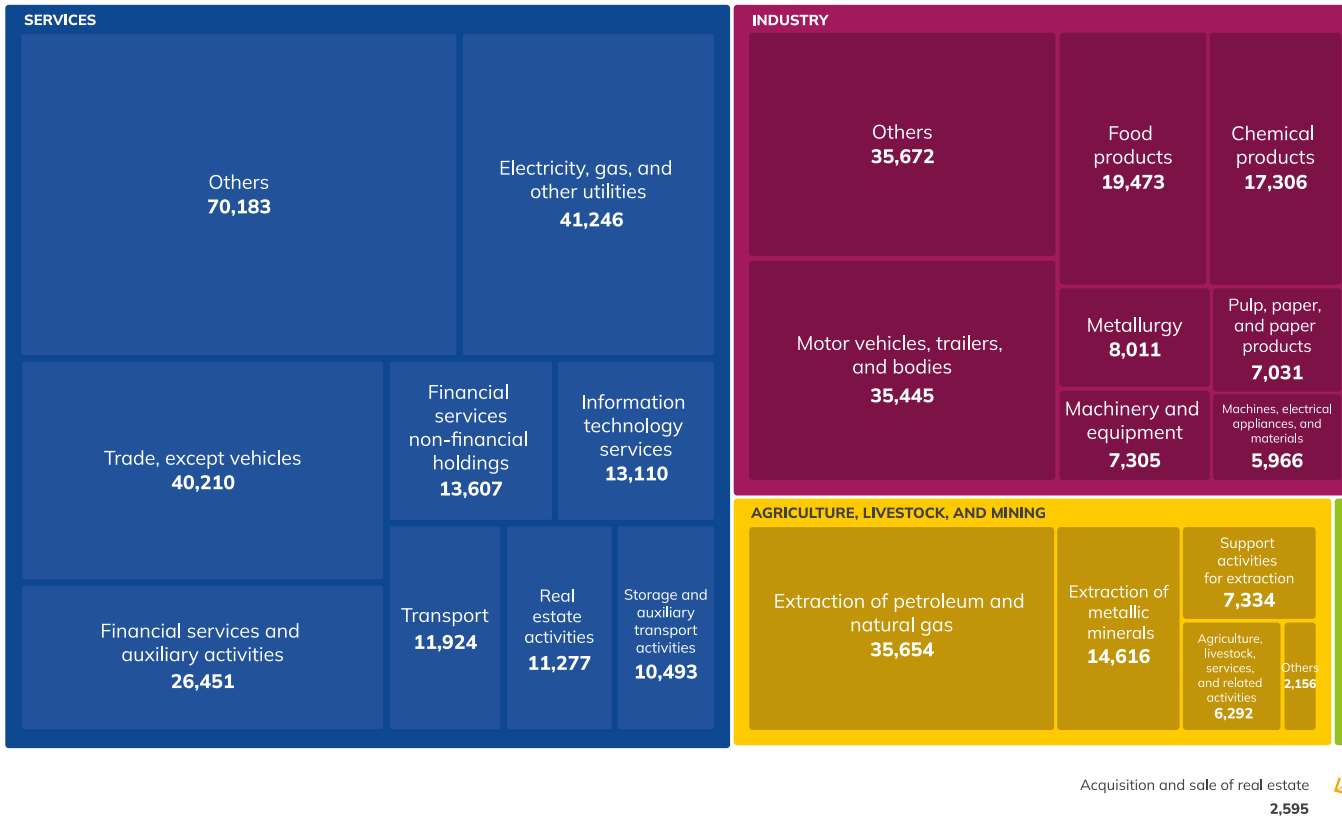
Foz do São Francisco, Piaçabuçu, Alagoas

According to data from the Central Bank of Brazil, between 2015 and 2024⁴² the economic sector with the largest FDI balance was services, representing 54% of the total. It was followed by industry with 31% of the total and agriculture, livestock and mining extraction, with 15%.⁴³ In terms of subsectors, services highlights included marketing of products and services and other activities, with an accumulated USD 14,246 million representing 9% of the total, commerce with USD 40,210 million and 9%, and financial and auxiliary activities with USD 26,452 million and 6%. In the industry subsector, highlights were the production of motor vehicles, trailers and bodywork, with USD 35,446 million and 8% of the total, food products with USD 19,473 million and 4%, and chemical products with USD 17,306 million and 4%.

In agriculture, livestock and mining, highlights were oil and natural gas extraction with USD 35,654 million and 8% of the total, metallic mineral extraction with USD 14,617 million and 3%, and support activities for mineral extraction with USD 7,334 million and 2%. Lastly, real estate purchases and sales also stand out, with a value of USD 2,595 million, representing 1% of the total.

* Data for 2024 are only available for the period from January to September.

Figure 2.2: Balance of Foreign Direct Investment (FDI) by economic sector, 2015 – 2024*
(USD millions)



Note: Data for 2024 are only available for the period from January to September.

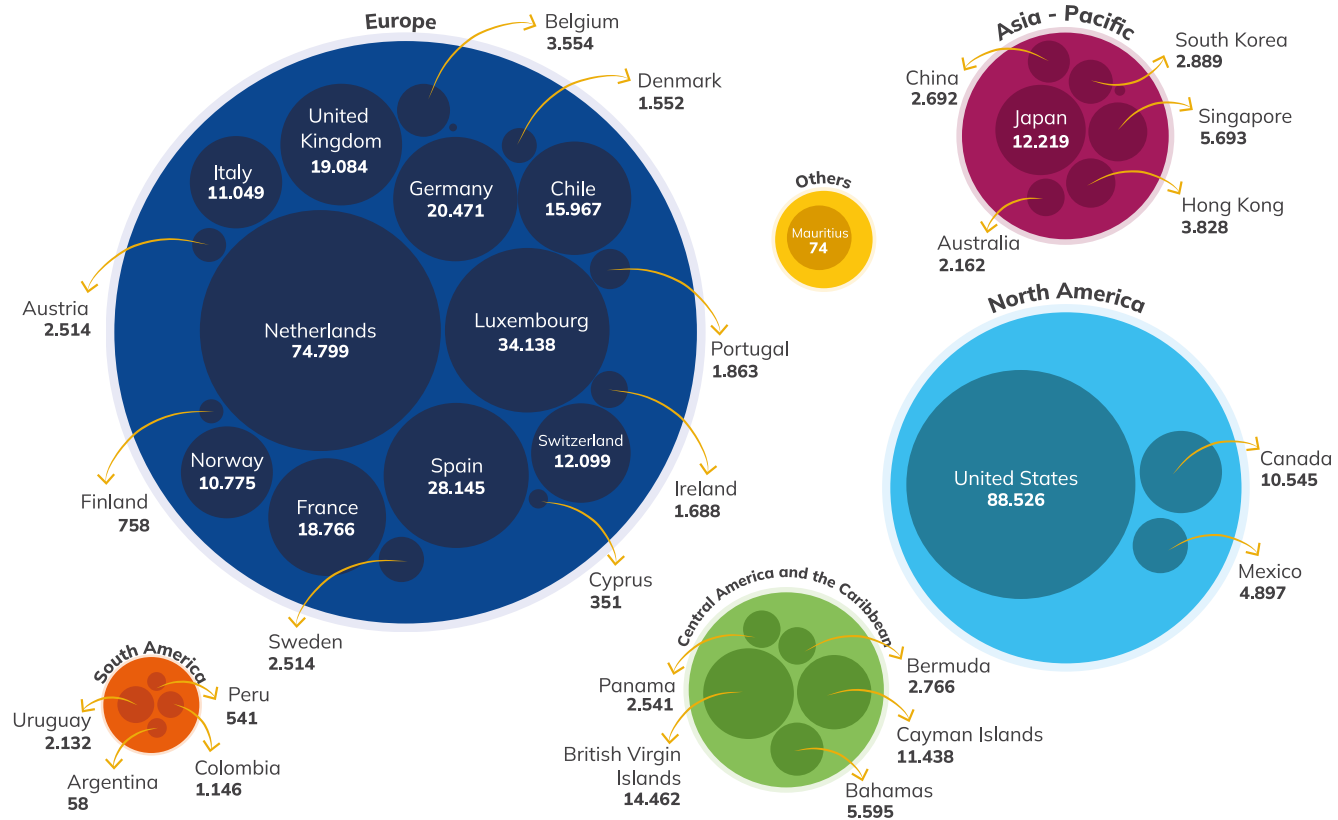
Source: Central Bank of Brazil 2024, (online), available at: <https://www.bcb.gov.br/estatisticas> Direct investments in the country (18-10-2024).



Ouro Preto, Minas Gerais

Regarding the stock of investments by origin between 2015 and 2024, we see that the United States of America is the first country, with USD 88,526 million and 20% of the total, followed by the Netherlands, with USD 74,799 million and 17% of the total, Luxembourg, with USD 34,138 million (8%), Spain, with USD 28,145 million (6%), Germany, with USD 20,471 million (5%), and the United Kingdom, with USD 19,084 million (4%).⁴⁴

Figure 2.3: Balance of Foreign Direct Investment (FDI) by country of origin, 2015 – 2024*
(USD millions)



Note: Data for 2024 is only available for the period from January to September.

Source: Central Bank of Brazil 2024, (online), available at: <https://www.bcb.gov.br/estatisticas> Direct investments in the country (18-10-2024).



Cachoeira do Grim, Rurópolis, Pará



Praia Boca do Poço, Paracuru, Ceará

2.2. Greenfield foreign direct investment (FDI) in the tourism cluster

Between 2015 and 2024* in Latin America and the Caribbean, there were 490 foreign direct investment (FDI) announcements for greenfield projects in the tourism sector, totalling USD 39,632 million and expected to generate more than 166,037 new jobs.⁴⁵

The effects of the pandemic and the measures taken to prevent the spread of the disease, which restricted mobility and social interaction, affected investment flows in the tourism sector. In 2021, tourism investment announcements for Latin America and the Caribbean decreased by 72% compared to 2020, falling from USD 3,945 million to USD 1,122 million of investment announcements in 2021. Between 2022 and 2023, with the lifting of mobility restrictions, tourism greenfield FDI announcements accelerated, but were still below recorded levels for the pre-pandemic era.

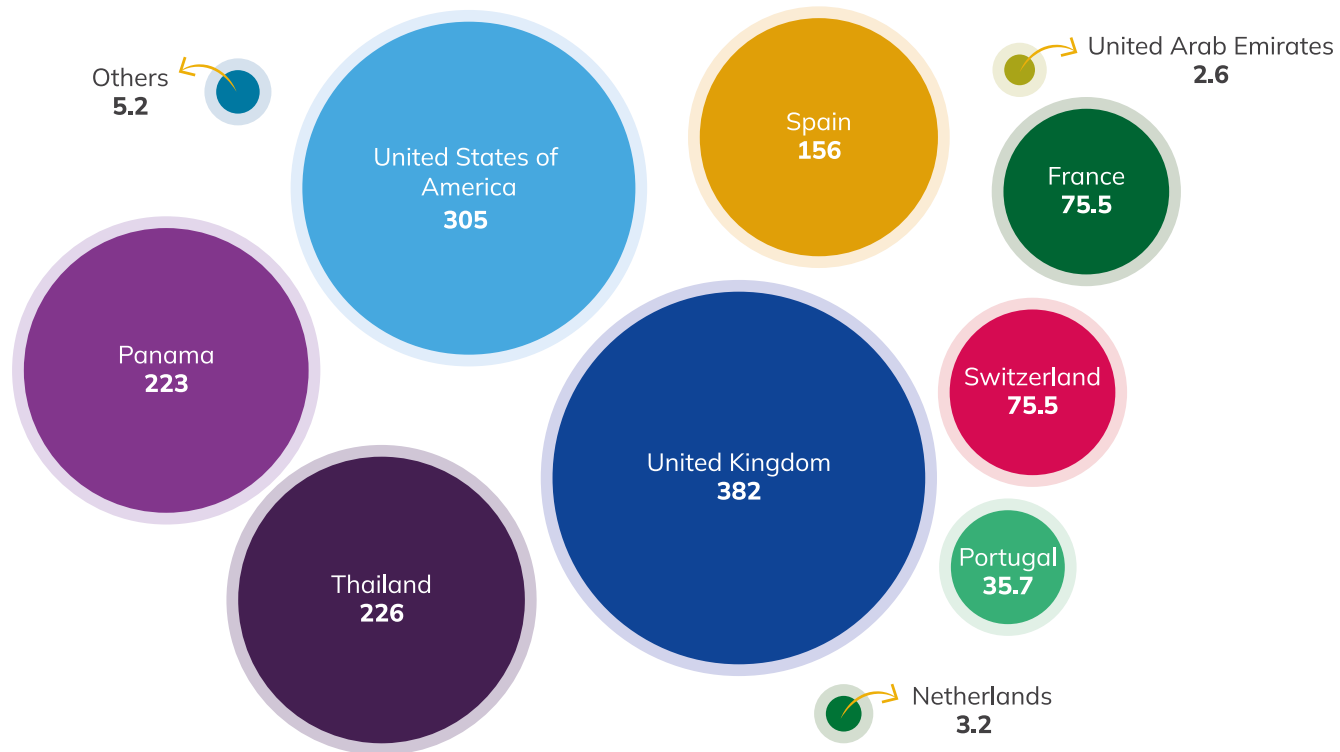
In this context, between 2015 and 2024 (as of October), Brazil managed to position itself as the **third country in Latin America and**

the Caribbean with the highest number of greenfield FDI projects announced in the tourism cluster, reaching a total of USD 1.49 billion in 50 investment projects, representing 3.8% of the total investment and 10.2% of the projects announced in the region.

The main countries behind the investment are the United Kingdom (USD 382 million), the United States (USD 341 million) and Thailand (USD 226 million). Other countries with significant participation include Panama (USD 223 million) and Spain (USD 156 million). On a lower scale, European countries such as Switzerland and France contributed USD 75.5 million each, while Portugal, the Netherlands, the United Arab Emirates and some more modest markets are responsible for between USD 35.7 million and USD 2.6 million.⁴⁶ These figures highlight Brazil's attractiveness as a tourist investment destination, particularly among highly developed economies.

*Data for 2024 are only available for the period from January to September.

Figure 2.4: Sources of greenfield investment in the tourism cluster in Brazil, 2015 – 2024*
(USD millions)



Note: Data for 2024 is only available for the period from January to October.

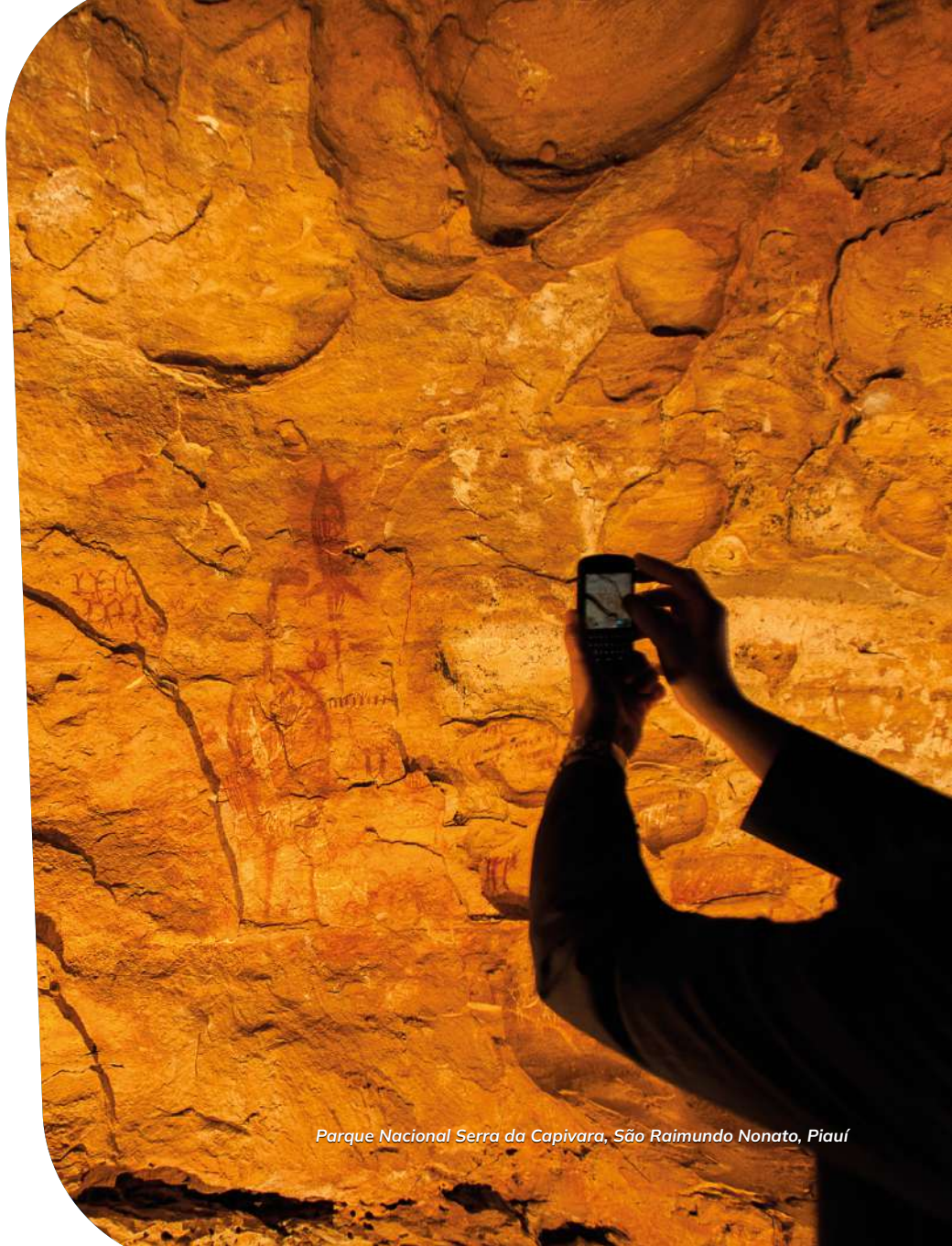
Source: fDi Intelligence Financial Times, fDi Markets database <http://app.fdimarkets.com/index.cfm> (18-10-2024).

The accommodation subsector is the main recipient of FDI, absorbing 97% of the total with USD 1,738 million.⁴⁷ This figure reflects the importance of hotel and accommodation infrastructure in boosting tourism in the country, supported by the development of 108 hotel projects currently in progress,⁴⁸ and is testament to the business community's commitment to expanding accommodation capacity.

Other segments, albeit with a smaller share, also play an important role. Travel organization and reservation services account for 1% of investment, highlighting their role in the tourism value chain, with a contribution of USD 26.4 million. Similarly, sectors such as software publishing (USD 11.6 million), advertising and public relations (USD 11 million) demonstrate their importance in providing technological and promotional support for tourism, both having a share of under 1% each.

In particular, the entertainment and recreation industries (USD 1.8 million)⁴⁹ stand out for their role in diversifying the tourism offer, with 97 entertainment businesses currently in development, including theme parks, water parks and other attractions.⁵⁰

On the other hand, subsectors such as internet publishing and broadcasting (USD 4.5 million), performing arts and spectator sports (USD 1.8 million) continue to contribute small amounts to total FDI, but remain essential for the diversification and promotion of Brazil's tourism offer.



Parque Nacional Serra da Capivara, São Raimundo Nonato, Piauí

Figure 2.5: Sub-sectors target of greenfield investment in the tourism cluster in Brazil, 2015 – 2024*
(USD millions)

**1,738**

Accommodation

**11.0**

Advertising, PR and related

**24.6**

Travel organization and reservation services

**4.5**

Internet publishing and webcasting, web search

**11.6**

Software publishers, other than video games

**1.8**

Other entertainment and recreation industries

Note: Data for 2024 is only available for the period from January to October.

Source: fDi Intelligence Financial Times, fDi Markets database <https://app.fdimarkets.com/index.cfm> (18-10-2024).

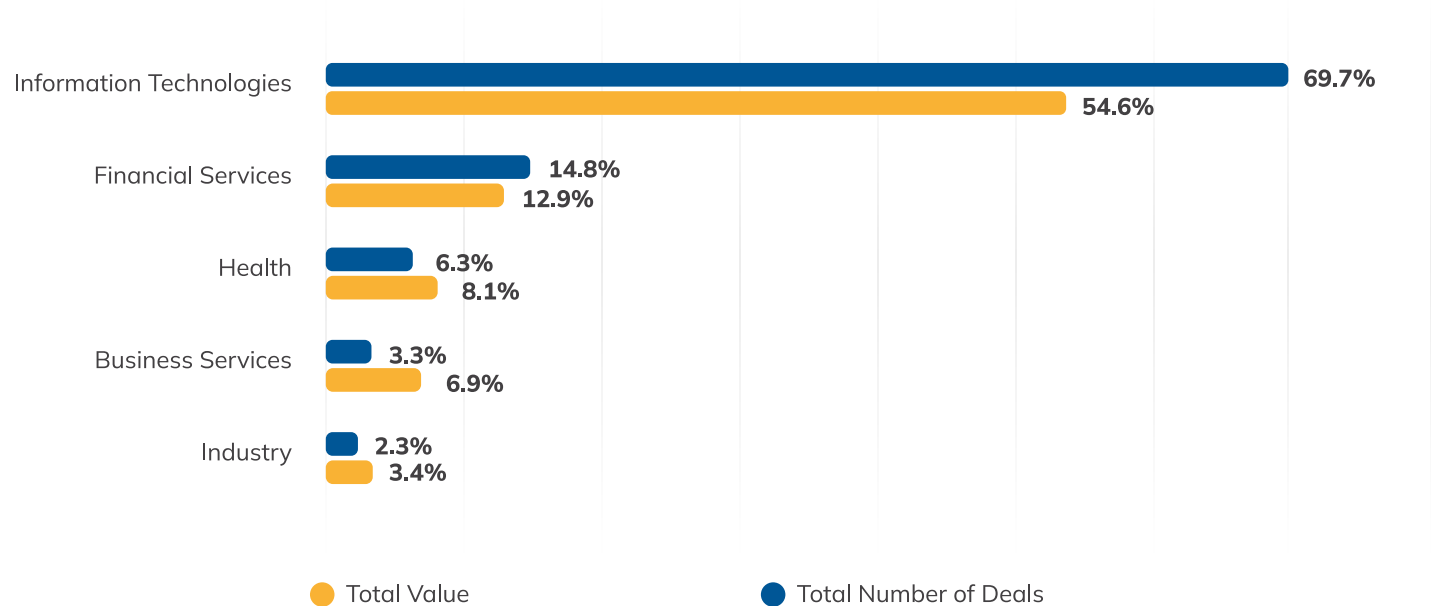


2.3. Venture capital investment in Brazil

In 2023 and 2024, the Brazilian Mergers & Acquisitions market showed signs of resilience and adaptation. Although factors such as the economic slowdown, political instability and the effects of the pandemic all impacted on activity levels, key sectors such as technology, healthcare, education and consumer goods continued to post remarkable transaction levels, together reaching 55% of total volume, according to Transactional Track Record (TTR) data.⁵¹

Private Equity (PE) and Venture Capital (VC) firms, which have been key players in the M&A market in recent years, also experienced activity adjustments in 2023, showing a 35% decrease in the number of transactions and a 32% decline in deal value.⁵² This adjustment reflects venture capital's adaptation to market conditions with a refocus on sectors with long-term prospects such as infrastructure and energy, which offer opportunities in terms of sustainability and digital transformation.

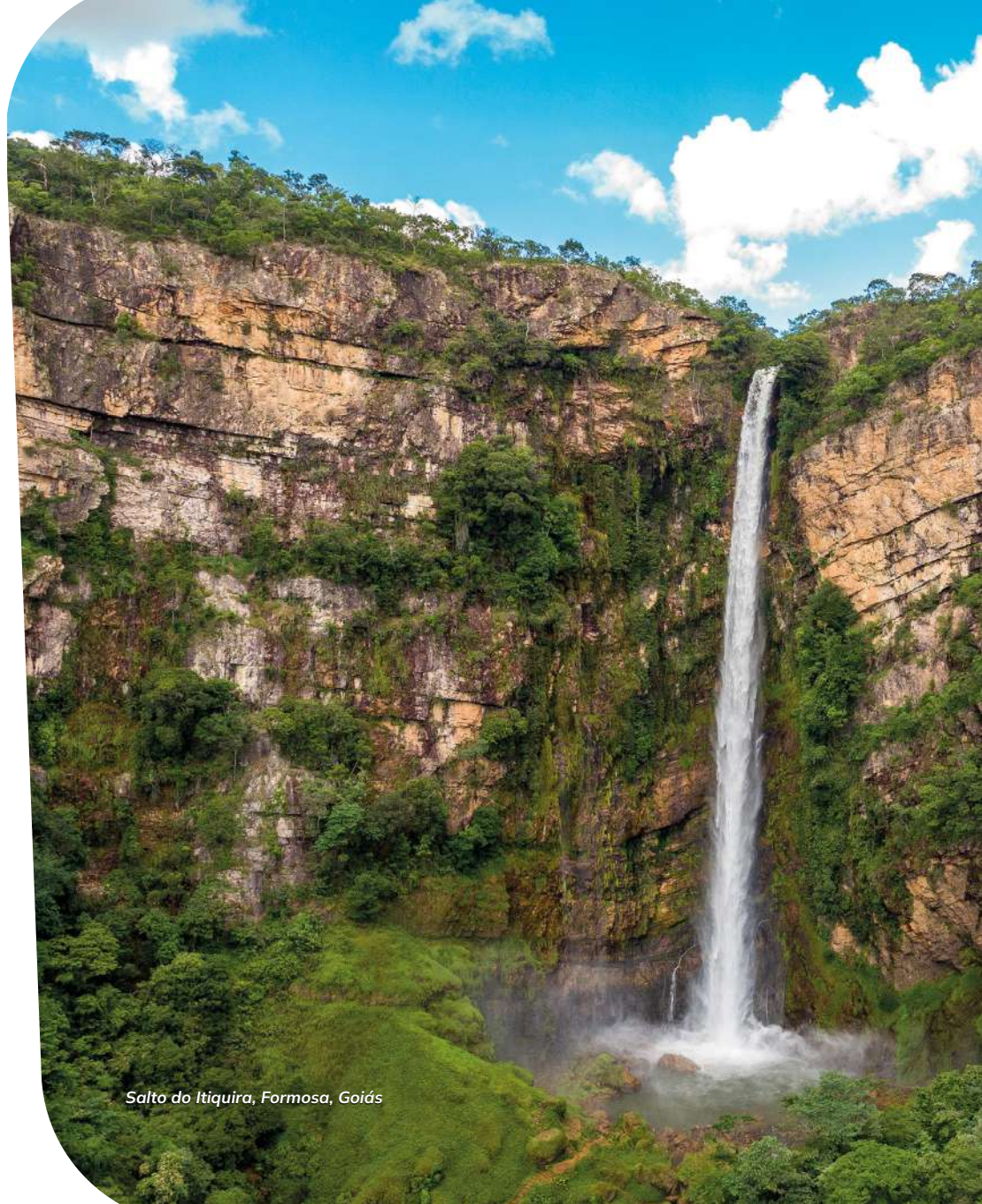
Figure 2.6: Sectors in Brazil most attractive for Venture Capital investment in 2023 (% of total)



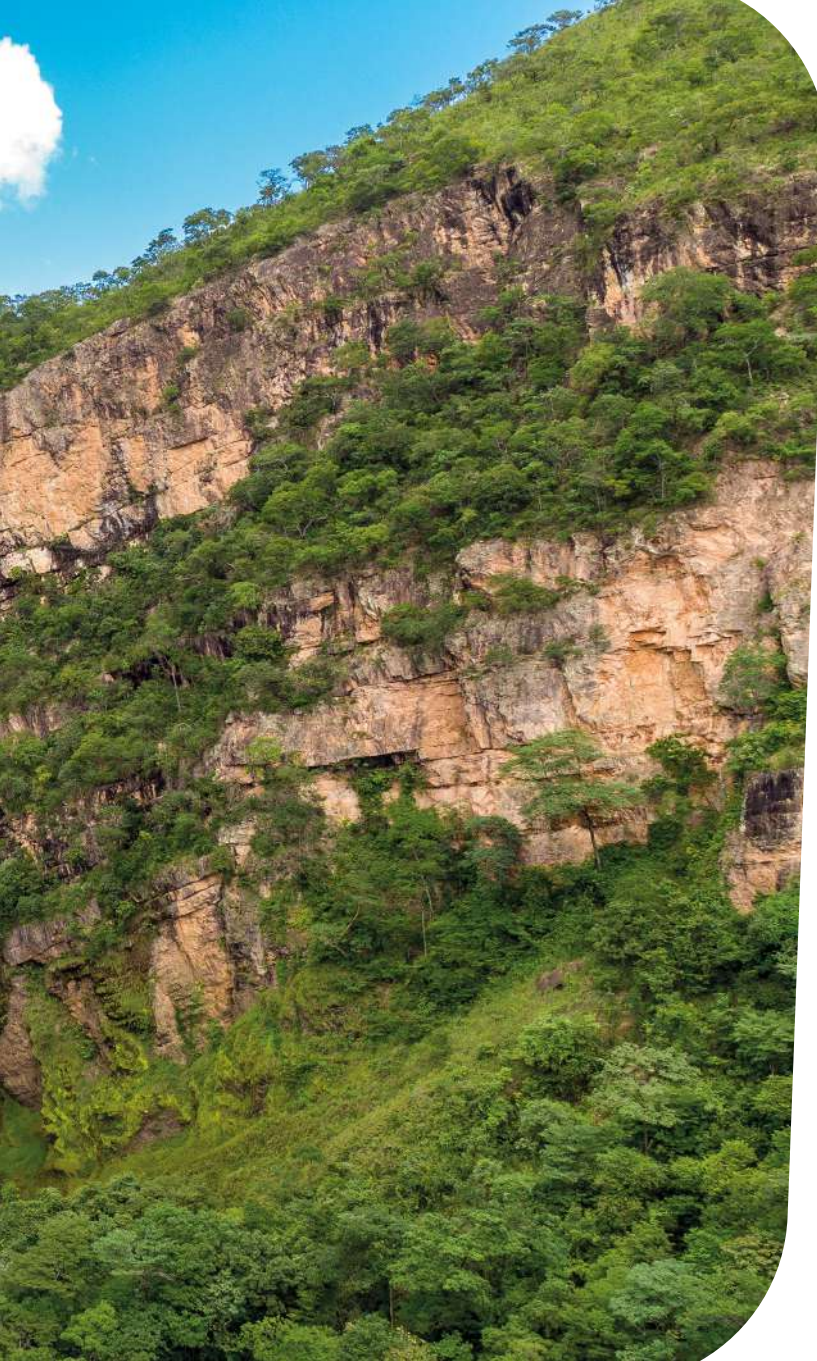
Source: TTR Data (2024), Brazil M&A Review 2023, (online) available at: <http://events.ttrdata.com/brazilmareview2023> (06-11-2024).

For 2025, expectations for the Brazilian M&A market are optimistic. Sectors such as technology, healthcare, energy and infrastructure are well placed to attract more investment, given their resilience and capacity for growth, which suggests that venture capital could find strategic opportunities in a context characterized by more attractive valuations and consolidation in key sectors.

PE and VC companies are well placed to play a key role in this market going into 2025, as they have accumulated capital and are looking for attractive valuations and strategic collaborations. Despite challenges such as high interest rates, confidence in the market is expected to grow with the development of new strategies, such as alliances and co-investments with other funds and relevant players.



Salto do Itiquira, Formosa, Goiás



Tourism venture capital and sustainability

Over the last ten years, the tourism startup sector in Brazil has experienced steady growth in its venture capital funding, accumulating a total of USD 13.5 million from 2015 to October 2024.⁴³ This figure reflects the keen interest in boosting the development of innovative companies in the sector. Investment in the Seed phase has been particularly significant since 2017, with February 2022's USD 3 million standing out as the largest investment recorded in this period. In addition, the Pre-Seed and Business Angel phases have made significant contributions, including an investment of USD 1.6 million in July 2021, underlining investors' commitment to supporting technological solutions in the tourism sector.

Sustainable tourism in Brazil offers attractive development potential for venture capital in technology niches and experiences with a highly positive environmental and social impact. In line with global trends in environmental, social and governance investment, sustainable tourism offers the venture capital market diversification opportunities in Brazil, aligning tourism development with the SDGs. Less exploited destinations and ecotourism projects could attract interest against a background of digitalization and innovation in the sector, thus promoting a diversified and responsible tourism offer.



Estádio Nacional de Brasília Mané Garrincha, Brasília, Distrito Federal



3

VALUE PROPOSITION

3.1. Why invest in Brazil?



01

Diversity of the economy and potential for market growth

Brazil is a key player in the global arena, with one of the ten biggest economies in the world and a domestic market of approximately **213 million inhabitants**.⁵⁴ In addition, it has land, sea and air connections that facilitate regional and international access. Its extensive territory, which includes major cities such as São Paulo and Rio de Janeiro, along with rural and natural areas with high potential for specific niches, offers a wide range of opportunities for investors.⁵⁵



Brazil's **strategic location** in South America, with its extensive Atlantic coastline and the borders it shares with several countries in the region, gives it seamless access to foreign markets, which is an advantage for tourism since it enables travellers to visit diverse and contrasting sites during the same trip.



The **size** and **diversification** of its economy offer **competitive advantages** in multiple sectors, including tourism. For example, the country is a world leader in soybean, beef and coffee production, thus generating major opportunities for agrotourism and gastronomic tourism. In addition, the country's commitment to promoting sustainable development is likely to attract visitors who are interested in responsible tourism experiences, creating more of a connection with local cultures and consolidating Brazil's position as an attractive destination for investors in green energy.⁵⁶



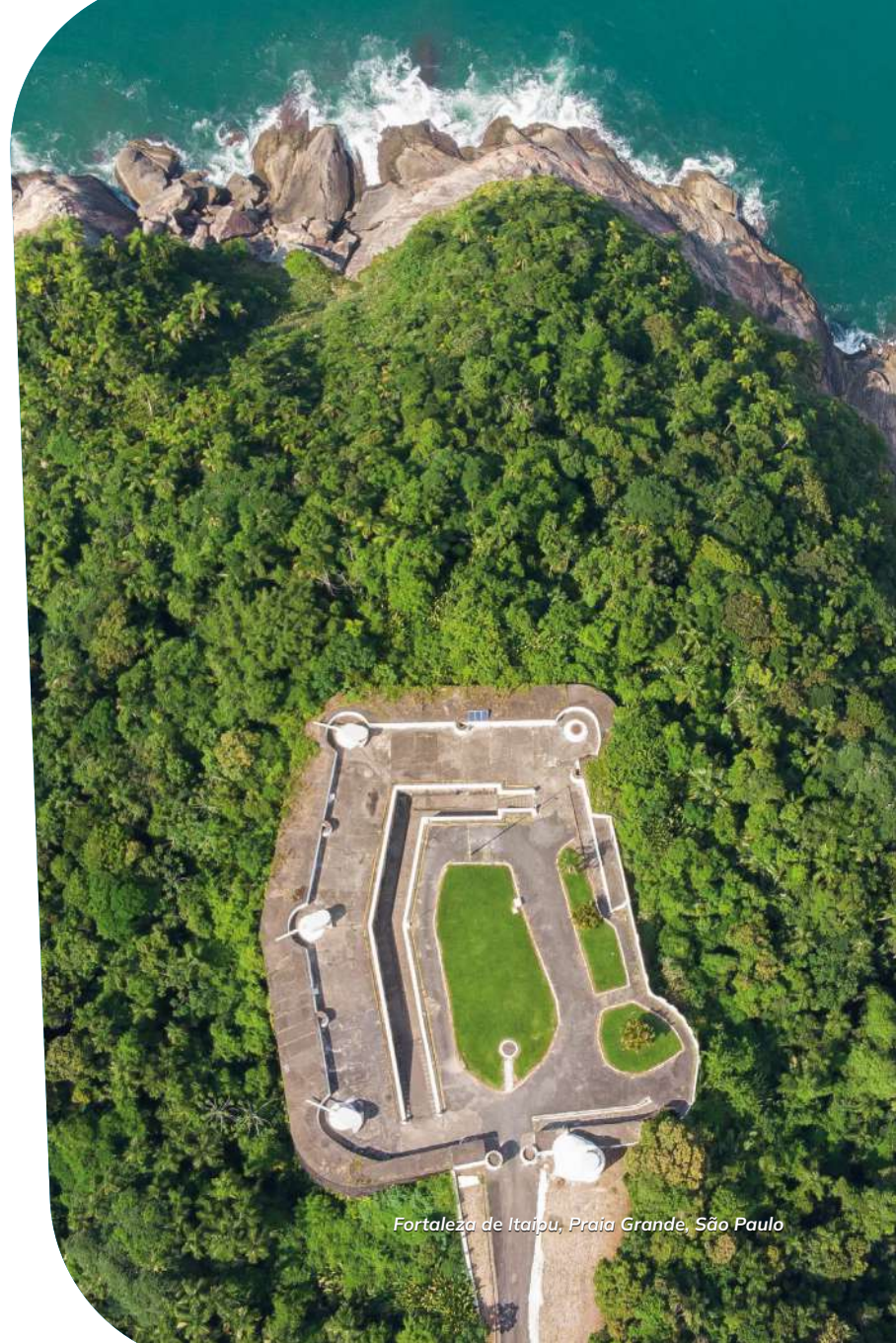
Brazil's **economic growth**, together with major infrastructure projects to expand transport networks and ports, facilitates trade and improves mobility within the country and from abroad. Coupled with an expanding middle class with greater purchasing power, this reinforces its attractiveness as an investment destination.⁵⁷

The government also supports the tourism sector through constructive public policies, strategic alliances and its own business environment, as can be seen in the “**National Tourism Plan 2024-2027**”.

The recent approval of Law No. 14,978 of 18 September 2024, enacted by President Luiz Inácio Lula da Silva, represents a significant milestone for the Brazilian tourism sector. This piece of legislation streamlines procedures, reduces operating costs – especially for tourism agencies – and promotes greater legal certainty in consumer relations. In addition, it substantially improves the business environment of the sector, creating more attractive conditions for national and international investors. This legislative improvement is also aligned with the guidelines of the National Tourism Plan 2024-2027.



In addition, various **trade agreements**, such as Mercosur and bilateral treaties, facilitate foreign investment in infrastructure, strengthening access to international markets through its ports and airports. These positive developments position Brazil as a country that offers solid market expansion, and potential to take advantage of its economic diversity.⁵⁹



Fortaleza de Itaipu, Praia Grande, São Paulo



02

Innovation and technology as a driver of growth

In little more than a decade, Brazil has witnessed an extraordinary boom in its innovation and entrepreneurship ecosystem. Since 2010, there has been a significant increase in the number of innovation hubs and unicorns, making the country the regional leader⁶⁹ and an innovation hub in Latin America and the Caribbean. The creation of technology parks and startup incubators throughout the territory has fostered collaboration between companies and academic centres, while tax incentives for investment in innovation have further strengthened this dynamic.

Thanks to these efforts, Brazil has made remarkable progress in adopting and implementing new technologies, as well as sustainable practices and concrete measures to boost social development, thus improving both quality of life for its citizens and its regional and international economic competitiveness. The government supports this progress through policies and programmes that drive research and development, while ApexBrasil promotes Brazil's image as an innovative, competitive destination that offers enormous potential in various areas and segments, including tourism.⁶⁹

Brazil's innovative ecosystem is solid, with growing integration of technology and innovative developments. The country ranks 49th out of 132 countries in the Global Innovation Index (GII), a ranking prepared by the World Intellectual Property Organization (WIPO) in partnership with the Portulans Institute. The index highlights Brazil's constant progress in research, technology and digitalization. The country stands out in indicators such as online government services (14th) and e-participation (11th) and ranks 22nd in terms of unicorns, i.e. startups with a market value of more than USD 1 billion. For intangible assets, such as trademarks and global value of its brands, Brazil ranks 31st globally.⁷²

Among the innovations in the tourism sector, Sisterwave – a project linked to UN Tourism's SDGs in the gender equality category – is worthy of note. This platform enables women to get started, overcome life experiences and get support, empowering them with greater confidence. Brazil has acted to decentralize tourism in new regions, promoting destinations as Smart Destinations, with an emphasis on the use of technology and tourism design to create a significant impact on the sector, strengthening its attractiveness as an investment destination.⁷³

A key player in this ecosystem is Anprotec, the Brazilian Association of Science Parks and Incubator Companies, which supports more than 400 companies and 90 technology parks throughout the country.⁷⁴ This facilitates collaboration between startups and major companies, promoting innovations that improve the offer in sectors such as tourism.

The Brazilian startup ecosystem has also matured. Most startups are in the validation and operation stages, while 23% are already in the traction phase. In addition, 8% have reached the scaleup stage, i.e., they are ready for exponential growth. Only a decade ago, less than 2% of startups were considering expanding internationally, but by 2021 that percentage had jumped to 17.8%, reflecting a growing ambition to go global and a greater willingness to adapt to the changing international environment.⁷⁴

Financial support has also been crucial. The National Fund for Scientific and Technological Development (FINEP) promotes innovation through R&D financing programmes for technology companies. This support has made it easier to access the “Smart Tourism Destinations” network promoted by Segitur. One of these destinations is the Iguacu Falls, which uses the platform to monitor visitor flows and optimize the tourist experience.⁷⁶

The STD rollout is part of a strategy that seeks to transform key regions of the country through the adoption of technologies, accessibility and efficient governance. Several cities have already been certified as smart destinations, which improves their competitiveness and attracts investment. This strategy is aligned with the objectives of the National Tourism Plan 2024 – 2027,⁷⁷ which prioritizes modernizing the sector and increasing both domestic and international tourist flows.

Brazil has been able to combine its technological progress with its vast natural heritage, using innovation as a competitive advantage in global tourism and consolidating itself as a benchmark in the industry.

Scan the QR code to see the Smart Destinations of Brazil.





03

Infrastructure and connectivity

Brazil offers a solid infrastructure network and excellent connectivity, which is one of the main reasons to invest in the country. Its transport system includes an extensive rail network, which facilitates the movement of goods and people throughout several key regions. Roads, which cover extensive areas, also play a key role in the mobility of goods and passengers within the territory.

Ports are essential for foreign trade as well as for tourism, and are significant for their ability to handle a large part of the country's exports. They also play a strategic role in cruise tourism, a sector that is expected to generate approximately BRL 5.1 billion (approximately USD 840.2 million) in the 2023-2024 season, and create about 80,000 jobs. With more than 203 itineraries and the capacity to handle 840,000 cruise passengers,⁷⁸ these ports boost the local economy and strengthen coastal tourism.

This port infrastructure is complemented by an extensive airport network, which connects the country to destinations in North America, Europe, Africa and Asia through numerous airlines and international routes. This connectivity, combined with solid infrastructure, positions Brazil as an important global business and tourism hub, increasing its attractiveness for investors seeking an integrated, globalized market.



Railways

Brazil has approximately 31,000 kilometres of railways and there are several initiatives designed to expand the network to connect different regions. According to the National Association of Railway Transporters (ANTF), railways account for 15% of total cargo transport in the country, being the second most important means of transport.⁹

The country also has 34 tourist railway routes that offer nostalgic and cultural experiences, allowing travellers to enjoy iconic landscapes through historic routes such as the Maria Fumaça in São Paulo and the Tren das Águas in Minas Gerais. These routes have been promoted by initiatives such as the “Train is Tourism” programme, in partnership with the Brazilian Association of Tourist and Cultural Train Operators, with a view to reviving rail tourism and enriching the country’s tourism offer.⁹⁰



Roads

According to the National Bank for Economic and Social Development (BNDES), Brazil has 1.5 million kilometres of roadway, divided up across the federal, state and municipal levels. These roads are essential for cargo transport, accounting for 65% of the total amount of goods moving through the country, followed by the railway system, cabotage and waterways. This extensive system also facilitates access to diverse and difficult-to-access destinations, promoting connectivity between cities and areas of interest in the country, which facilitates mobility for national and international visitors and benefits the regional economy.⁹¹



Airports and connectivity

Brazil has approximately 500 airports and aerodromes registered by the National Civil Aviation Agency (ANAC).⁹² Brazilian operators handle more than 100 million passengers each year, with a notable expansion of international flights in recent years. The main ones include Guarulhos International Airport (São Paulo), Rio Galeão (Rio de Janeiro), Brasilia International Airport and Salvador.⁹³

Brazil is noted for its excellent air connectivity, supported in part by the operation of 163 direct international routes and 30 direct domestic destinations, connecting the country with the rest of the world. In 2022, Brazil operated a total of 78,715 international flights, accounting for over 5.9 million passenger journeys, and opened new connecting routes to North America, Europe, Africa and Asia.⁹⁴

Figure 3.1: International air connectivity of Brazil, 2024



30
countries



36
airlines



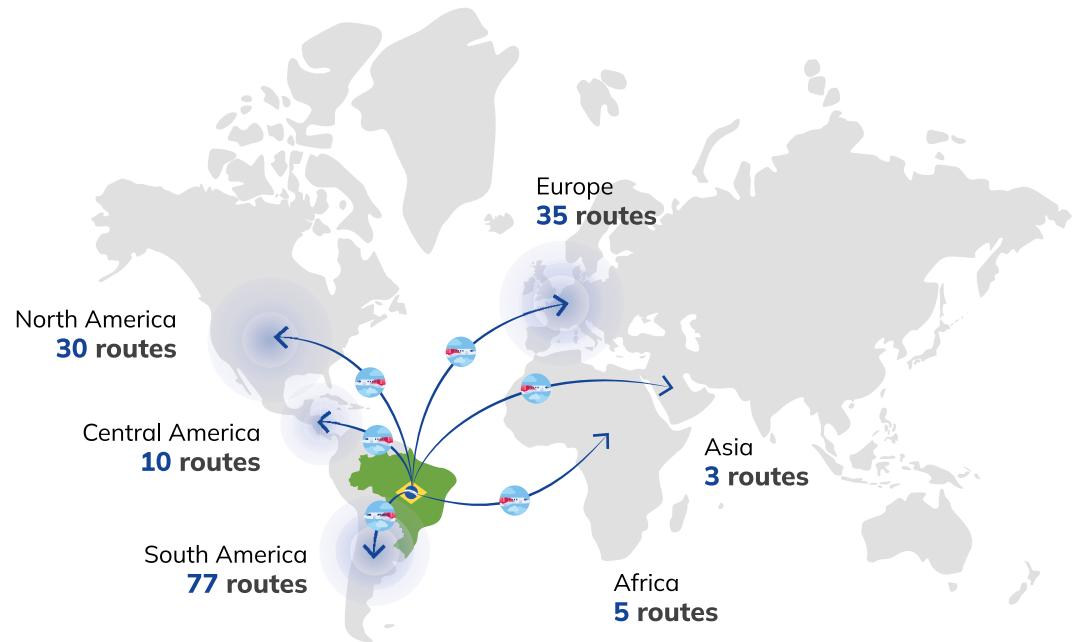
78.175
flights



19 millones
of seats



163
routes



Source: Embratur (2024), (online), available at:
<https://embratur.com.br/para-o-trader/inteligencia-de-dados/paineis-de-dados/malha-aerea-internacional/> (17-10-2024).

International Tourism Acceleration Programme (PATI)

Brazil has launched an International Tourism Acceleration Programme (PATI) to improve air connectivity and promote international tourism. Managed by Embratur in collaboration with the Ministries of Ports, Airports and Tourism, and financed by the National Civil Aviation Fund (FNAC), PATI promotes public-private partnerships with airlines and tour operators to attract new flights to the country through promotional campaigns in international markets.

The programme offers incentives of approximately USD 7 per seat on flights arriving in Brazil between October 2024 and March 2025. To qualify, airlines and airports must be able to demonstrate an increase in connectivity over the previous season while focusing on strategic markets, bringing in new direct routes and providing good, regular weekly connections and schedules that improve the tourist experience. In addition, low environmental impact airports must be used, in line with the UN Sustainable Development Goals.⁸⁵

The FNAC, administered by BNDES under the supervision of a Management Committee, has also earmarked funds to help airlines expand their operations, with a view to developing sustainable destinations and supporting the reforestation of the Legal Amazon. The government expects to provide BRL 4 billion (USD 700 million) in 2024, with a possible increase to BRL 5 billion (USD 875 million), thus reinforcing Brazil's commitment to expand its air connectivity and position itself as a competitive, sustainable and accessible tourist destination in the global market.⁸⁶



04

Cultural diversity and competitive talent

With the sixth largest population in the world and a unique mix of ethnicities that includes indigenous communities such as the Yanomami, Guarani, Tikuna and Kayapo, along with immigrants from Africa, Europe and Asia, Brazil offers a wealth of cultures that enriches the visitor experience and fosters creativity in distinctive products and services.

The influence of multiple cultural traditions can be seen in the country's gastronomy, music and arts, with distinctive products that stand out in the international market. Local festivities reflect this diverse heritage, becoming major attractions for visitors and strengthening the sector in various regions.⁷⁷

In turn, the availability of qualified professionals reduces training costs and raises service quality, which boosts the country's competitiveness as an investment destination. This environment, together with the government's support for research and innovation, consolidates Brazil as a solid player in the global market.

The development of Brazil's tourism sector is underpinned by workforce training and professionalization. The **National Tourism Qualification Policy** seeks to enable the sector's stakeholders to offer quality services in all regions, regardless of their specific socioeconomic conditions. Two of the policy's key pillars are employment generation and social inclusion, designed to promote income distribution in less favoured areas through professional training.⁸⁸



To achieve these objectives, the government offers programmes such as the “**Brasil Braços Abertos**” (Open Arms) programme, as well as language courses (English and Spanish) and specializations in Brazil's natural attractions,⁹⁸ tailoring the training to the needs of each region and respecting its diversity. To address geographical challenges and unequal access to the internet, the **Tourism Qualification Distance Education** platform was created, which is also available to foreigners and facilitates distance learning.⁹⁹ This is complemented by **International Memoranda of Understanding**, which facilitate the exchange of knowledge and free courses between Brazil and other countries, further strengthening the sector.

Taken together, these efforts not only enable tourism workers to offer quality experiences, but also consolidate tourism as a competitive and sustainable sector that makes a significant contribution to Brazil's economic and social development. The cultural diversity and education levels of Brazil's workforce are key factors in boosting tourism growth and attracting investment, helping to deliver a more sustainable, dynamic model for the country.



Fortaléza de Itaipu, Praia Grande, São Paulo



05

Abundance of Natural Resources and Biodiversity

Brazil is a country of gigantic proportions and invaluable natural wealth. With over 8.5 million square kilometers, which include 55.4 thousand square kilometers of continental waters, it is the fifth largest country in the world and the most biodiverse on the planet thanks to its variety of climates and landscapes.

Brazil has shown a firm commitment to sustainable development, focused on combating climate change and conserving its forests and biodiversity. With progressive legislation, which includes a voluntary reduction of between 36.1% and 38.9% in greenhouse gas emissions, the country has driven sectoral plans to reduce emissions in industry, agriculture, energy, and land use. Initiatives such as the Action Plan for Prevention and Control of Deforestation in the Amazon (PPCDAm) have contributed to a 77% decrease and protected 25 million hectares of conservation units. Additionally, Brazil leads the creation of protected areas, with 81% of the Amazon Rainforest preserved and an increase in the protected terrestrial areas to 17.3% of the national territory. The Amazon Region Protected Areas Program (ARPA), launched in collaboration with international organizations, protects 500,000 km² of the Amazon⁵⁹.



Biomes of Brazil

The country is divided into six main biomes, each with unique characteristics that present opportunities for projects that promote sustainable tourism, environmental conservation and the development of ecological infrastructure. The Amazon Rainforest covers almost the entire northern region, while the Cerrado, a tropical savanna, extends across the centre of the country. The northeast includes the Caatinga, a semi-arid zone. The southeastern and southern coasts are protected by the Atlantic Forest. In addition, there is the Pantanal, a huge wetland near Bolivia, and the Pampas, in the extreme south, near Argentina and Uruguay.⁶⁰

The Brazilian government, in partnership with agencies such as the National Bank for Economic and Social Development (BNDES), has implemented several initiatives to encourage projects that promote sustainability in the country's biomes. These investments have focused on areas such as ecotourism, renewable energies, sustainable agriculture and environmental recovery, based on a balance between economic development and environmental protection.⁶¹

The Amazon biome

This is the biggest biome in Brazil, covering about 49% of the national territory. It is the largest tropical rainforest in the world and home to extraordinary biodiversity. Its vast network of rivers, including the Amazon and its tributaries, are fundamental to global climate equilibrium. This region is noted for its dense vegetation, diverse fauna and humid equatorial climate. More than 10% of the world's known species live here, including jaguars, sloths, pink dolphins and a large number of birds and reptiles.



The Cerrado

It occupies approximately **22%** of Brazil's territory and is located in the centre of the country. It is a tropical savannah characterized by grasses, small trees and shrubs. The Cerrado is one of the most biodiverse biomes in the world, with more than 10,000 species of plants and a great variety of mammals, birds and reptiles.



Atlantic Forest

It covers about **13%** of Brazil, mainly along the Atlantic coast from Rio Grande do Norte to Rio Grande do Sul. This biome is a tropical and subtropical rainforest ecosystem that once covered much of the east coast of Brazil. Today, it is highly fragmented owing to deforestation. Despite its degradation, the Atlantic Forest remains a refuge for many endemic species such as the golden lion tamarin, and is an area of critical importance for conservation.



Caatinga

Located in northeastern Brazil, it covers about **10%** of the national territory. It is a semi-arid biome with vegetation adapted to water scarcity, such as cacti and thorny bushes. Rainfall is irregular, making the Caatinga one of the driest regions in the country. Despite its aridity, it is home to a unique variety of life, with endemic species such as the tatu-bola (armadillo) and the red-cowled cardinal, as well as several species of reptiles.



Pantanal

Although it is the smallest biome in Brazil, covering about **2%** of the territory, the Pantanal is the largest floodplain in the world. This biome is known for its extensive wetland areas, which are seasonally flooded. Its aquatic ecosystem is rich and diverse. The Pantanal is one of the regions with the highest fauna density, home to caimans, capybaras, jaguars, anacondas and more than 650 bird species.



The Pampas biome

Located in the extreme south of Brazil, in the state of Rio Grande do Sul, it covers about 2% of the territory. The Pampas are a region of grasslands with low vegetation, pasture and gentle hills. This biome is home to numerous species of birds and mammals, such as the rhea and the pampas fox, and has a subtropical climate.⁶²



In addition, the country has several sites recognized as Natural World Heritage Sites by UNESCO, underscoring their importance for global conservation. Some of the highlights include the recently declared Lençóis Maranhenses in 2024, a unique landscape of dunes and lagoons, along with others such as:



Iguaçu National Park

Located on the border with Argentina, it is famous for the Iguazu Falls, one of the most spectacular natural wonders of the world.



Fernando de Noronha Archipelago and Rocas Atoll

These islands in the Atlantic are known for their crystal-clear waters, diverse marine life and unique landscapes.



Central Amazon National Parks

This site encompasses several protected areas in the heart of the Amazon rainforest, vital for the preservation of biodiversity and Amazonian ecosystems.



Pantanal

As the largest floodplain in the world, this site is crucial for wildlife and the migratory routes of many species.⁵⁴

Similarly, the village of Testo Alto de Pomerode stands out as a model of sustainable rural tourism. Recognized under UN Tourism's Best Tourism Villages programme, it exemplifies how tourism can thrive while preserving the indigenous values, traditions and natural beauty of rural communities.

The Enxaimel Route (Testo Alto district), declared Historical and Landscape Heritage by the National Institute of Historical and Artistic Heritage (IPHAN), offers a combination of cultural riches and responsible environmental management. Along its 16 kilometres, the route features half-timbered houses located in the middle of the

Atlantic forest, reflecting a strong commitment to sustainability in rural life, and compatible with tourism.

Visitors are drawn to immersive cultural experiences such as those offered by museums, parks and breweries, as well as guided tours that tell the story of the town and reveal the way immigrants lived 150 years ago. What makes Testo Alto a valuable opportunity is its balance between economic growth and ecological preservation. The region's sustainable practices, local craftsmanship and its cultural tourism offering promote the well-being of the community while positioning Brazil as a safe destination.⁶⁵



Biological Diversity

Brazil is considered to be the most megadiverse country in the world, with an enormous number of endemic species. According to the Convention on Biological Diversity, Brazil, with its approximately 103,000 animal species and 43,000 plant species, including some 80,000 insects, 7,000 trees, 4,000 algae and more than 700 reptiles, accounts for between 15% and 20% of the world's biodiversity.⁶⁶

Revoada dos Guarás, Delta do Parnaíba, Piauí





Brazil – a country of regions

Brazil is a combination of regions and landscapes, offering a wide range of experiences. From the beaches of the northeast to the depths of the Amazon, passing through cities such as São Paulo and Rio de Janeiro, Brazil presents a geographical and cultural diversity that make it an ideal destination for all types of traveller.

The National Tourism Plan 2024-2027 aims to take advantage of these regional characteristics, highlighting the treasures of each area: ecotourism in the Amazon, adventure tourism in the Pantanal and the beautiful urban scenes of the southeast, just to mention a few. Each of these regions has the potential to attract different segments of the tourism market, opening up a range of opportunities for investors.

Brazil is a destination where each region has its own charm and, thanks to the government's strategic approach, the country is ready to showcase its extraordinary diversity to the world.

Brazil is divided into five regions, each with different economic and cultural characteristics:⁶⁷

North

Predominantly Amazonian, with the emphasis on managing its natural capital through the development of agriculture, mining and forestry.



South

A developed region, with strong agriculture, industry and excellent infrastructure.



Southeast

An urban and industrial hub, with São Paulo as the financial centre of Latin America.



Midwest

The agricultural centre of the country, with great biodiversity in the Pantanal and increasing exports of agricultural products.



Northeast

Famous for its coastline and agriculture, with growing sectors such as renewable energy and petrochemicals.





Diversity and Tourist Attractions: A Journey through Brazil

Brazil is a nation that captivates with its diversity of landscapes, cultures and experiences. From iconic urban wonders to nature reserves, it offers a wide range of activities and scenery to suit the interests of all types of travellers.



Rio de Janeiro

The city is world famous for its Sugar Loaf Mountain and statue of Christ the Redeemer. Visitors can enjoy the beaches of Copacabana and Ipanema or hike through the Tijuca Forest. The Rio Carnival, with its explosion of colour and music, is an unforgettable experience, in addition to the lively football culture at the Maracanã stadium. Popular tourist activities such as train and boat rides on the Guanabara Bay can also be enjoyed.



Amazon Rainforest

The Amazon Rainforest is home to one of the greatest concentrations of biodiversity on the planet. Travellers can immerse themselves in an ecotourism experience, navigate its rivers, spot exotic animals and get close to indigenous communities that have preserved their traditions over thousands of years.



Salvador

In the Pelourinho, the historic centre of Salvador and a UNESCO World Heritage Site, visitors can delight in the colonial architecture, Bahian gastronomy and the music that resonates in every corner. They can also enjoy the beaches and the lively street parties such as Carnival and the Lemanjá Festival.



Northeast Coast

The beaches of Ceará (Jericoacoara), Alagoas (Maragogi), Pernambuco (Porto de Galinhas) and Rio Grande do Norte (Pipa) are some of the most spectacular in Brazil. Visitors can enjoy water sports such as kitesurfing and windsurfing, diving in natural pools, and buggy rides across the dunes.



Fernando de Noronha

This archipelago is famous for its crystal-clear waters and rich marine life. It is a perfect destination for diving and snorkelling. Visitors can enjoy boat rides, dolphin and sea turtle watching and hiking along its nature trails.



Chapada Diamantina

With its awe-inspiring mountains, waterfalls and caves, it offers an ideal setting for hiking, climbing and exploration. This natural environment, in the interior of Bahia, offers opportunities for diving in caves and rivers, as well as for admiring the famous Cacheoeira da Fumaça waterfall.



Brasilia

The capital of Brazil is an architectural jewel designed by Oscar Niemeyer and Lúcio Costa. Its main attractions include the National Congress, Brasilia Cathedral and the Planalto Palace – making it the ideal trip for modern architecture enthusiasts. In addition, Lake Paranoá offers a beautiful setting for recreational activities and outdoor walks, making a visit to this avant-garde city even more appealing.



São Paulo

Brazil's largest metropolis offers a rich cultural and gastronomic life. From museums such as the MASP, the Ipiranga Museum and the Pinacoteca, to its nightlife and cultural events such as the Virada Cultural, this city offers an unforgettable urban experience.



Florianópolis

Florianópolis offers the perfect combination of nature and modernity. Its more than 40 beaches, such as Jurerê Internacional, Campeche and Joaquina, are ideal for surfing, relaxation and fun. In addition, the city has a rich Azorean cultural heritage, which can be seen in its gastronomy and architecture, and it is famous for its lively nightlife.



Recife

Recife is a city full of history, culture and natural beauty. Its main attractions include the historic Old Recife neighbourhood, with the colourful Rua do Bom Jesus and the famous Recife Carnival, one of the most vibrant in the country. In addition, its beaches and proximity to Olinda, a World Heritage Site, make it an important destination.



Los Patos Lagoon

This body of fresh water, one of the largest in South America, is located in the state of Rio Grande do Sul and is an important natural and tourist resource. The lagoon is ideal for activities such as fishing, boating and bird watching. Along its shores are picturesque villages and beaches.

These destinations not only highlight Brazil's beauty and diversity, but also represent unparalleled opportunities for investing in tourism, positioning Brazil as a diverse destination.

In short, Brazil's geography, with its vast expanse, diverse biomes and incomparable natural heritage, represents a truly global treasure. Its geographical and ecological wealth not only informs the country's cultural identity, but also plays a crucial role in the planet's environmental stability.



Serra Vermelha, São Raimundo Nonato, Piauí

3.2. Promoting tourism as a driver of sustainable and economic development in Brazil

Brazil's National Tourism Plan 2024-2027 marks a turning point in the country's tourism positioning strategy, and has a clear ambition: to make Brazil the most visited destination in South America by 2027. This plan is aligned with the 2030 Agenda and the UN's sustainable development principles, aiming for responsible growth that generates value for both visitors and local communities alike.

The plan's approach is based on key pillars that include infrastructure improvement, social inclusion and digitalization of the sector. Brazil aims to increase the number of tourists and make sure it provides a quality, accessible and safe tourist experience. Investment in airports, roads and services, along with training programmes for tourism professionals, ensures that this growth is a key lever for creating jobs and new economic opportunities throughout the country.

With its updated marketing strategy, Brazil will strengthen its image on the international stage, consolidating itself as a diverse and attractive destination. Thanks to increased digitalization and technological innovation, the country is poised to redefine competitiveness in the sector, opening the door to personalized tourism experiences with high value added.

The plan aims to distribute the benefits of tourism equitably, supporting regionalization and promoting lesser-known but equally spectacular destinations. The Brazilian government is creating the necessary conditions for tourism to become one of the main drivers of the country's economic and social development, with an impact that will go well beyond 2027.



Praia do Morro, Guarapari, Espírito Santo



4

FISCAL AND LEGAL LANDSCAPE

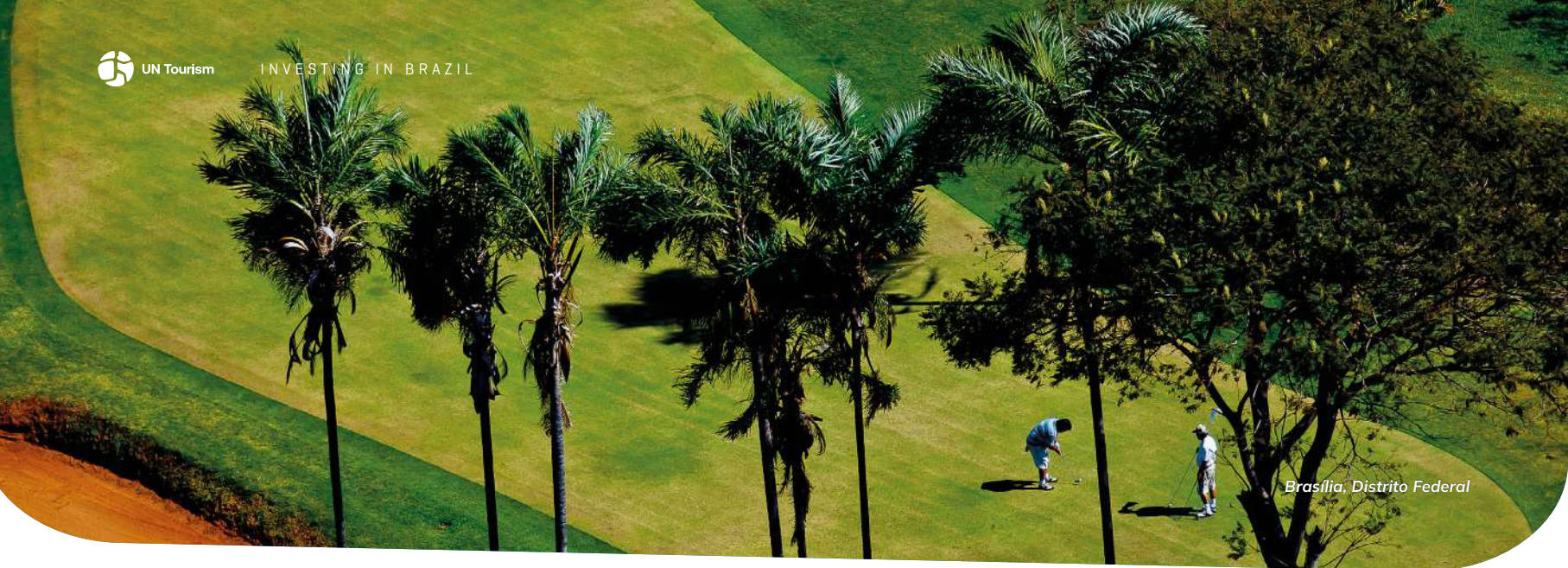
In recent years, the national government has taken significant steps to simplify the tax system and reduce bureaucracy, putting in place legal frameworks and incentives to attract domestic and foreign investment in the tourism sector.

A currently pending tax reform proposes to merge five consumer taxes into a single Value Added Tax (VAT), divided between federal and state levies. This proposal seeks to reduce the complexity of the tax system, eliminate cumulative taxes and reduce the bureaucracy associated with paying tax. It also contemplates a specific tax regime for tourism companies.

These actions reflect the government's intention to create a more transparent and accessible business environment by facilitating tax compliance. Although the transition will be progressive and is expected to culminate in 2033, businesses are gearing up to take advantage of the ensuing opportunities.

Also worthy of note is the **General Tourism Law**, approved in September 2024, which aims to modernize and adapt the tourism sector to current global dynamics. This law simplifies procedures, reduces bureaucracy and improves the business environment, providing greater legal certainty for tourism professionals and companies. It also promotes greater collaboration between the public and private sectors, and expands the registration criteria for the Register of Brazilian Tourism Companies (Cadastur – Cadastro de Prestadores de Serviços Turísticos), opening it up to include new segments such as micro-entrepreneurs, private associations and rural producers that provide tourism services. These measures aim to promote diversification and sustainable growth for the tourism industry in Brazil.

For companies interested in investing in Brazil, it is essential to stay informed and get specialized advice on how to adapt to the new tax landscape. These reforms reinforce Brazil's commitment to a more competitive investment climate.



4.1. Legislation linked to attracting investment

Brazil's legal framework for foreign investment is designed to protect the rights of investors and foster economic growth. Law No. 4,131 of 1962, developed by regulation through Decree No. 55,762 of 1965, guarantees foreign investors equal treatment with domestic investors and grants them access to markets and the right to repatriate capital and profits without undue restrictions, provided that the investment has been registered with the Central Bank of Brazil through the Electronic Declaratory Register (RDE).

Regarding company administration, Brazilian company administrators are required to have permanent residence in Brazil, although not necessarily Brazilian nationality. Partners domiciled abroad must appoint a legal representative in the country.

In addition, there are restrictions on the acquisition of land by foreign capital, regulated by Normative Instruction INCRA (National Institute of Colonization and Agrarian Reform) No. 8/2017. The purchase of properties in rural areas by foreigners is subject to limitations in terms of size and location, especially in border areas and strategic regions.

Despite these restrictions in specific sectors, Brazil maintains an open policy towards foreign investment, promoting equal treatment and facilitating the repatriation of capital and profits.

The Brazilian tax system is constantly evolving and has recently undergone several reforms to simplify and improve its efficiency:

Tax Reform



Currently in process, pending final approval by the President of the Republic, this regulation simplifies the tax system by unifying several consumer taxes, including: the Tax on Circulation of Goods and Services (ICMS), the Tax on Services (ISS), the Social Integration Programme (PIS), the Contribution Tax to Finance Social Security (COFINS) and the Tax on Industrialized Products (IPI) into a single national Value Added Tax (VAT), but split into a federal and a state tax. The reform also reduces dilutions in key sectors such as health, education and basic food basket products, and offers incentives to manufacturers of electric vehicles and biofuels. The reform aims to be more efficient, eliminate the accumulation of taxes and improve the country's economic competitiveness by facilitating commercial operations and attracting more investment.

Foreign Exchange Law (Law No. 14,286/2021)



This law, which was approved at the end of 2021 and entered into force at the end of 2022, unifies, modernizes and simplifies legislation on foreign exchange and capital markets, facilitating international operations and promoting the convertibility of the Brazilian real. The new law seeks to attract more foreign investment and improve Brazil's integration into the global economy.



Centro Histórico de Olinda, Pernambuco

4.2. Promoting investment in tourism

The Brazilian government has put in place several initiatives and set up specialized agencies to promote investment, economic development and strengthen key sectors such as tourism. The aim is to improve

the country's competitiveness on the global stage, attract foreign investment and foster sustainable growth:

National Tourism Plan 2024-2027

In the area of tourism, the Brazilian government has developed the National Tourism Plan 2024-2027, which establishes strategic guidelines to promote the sustainable and inclusive development of the sector. The plan is based on the principles of cooperation and regionalization, development and productive employment, sustainability, innovation, digital transformation, and democratization of access to tourism. Its main objective is to improve Brazil's attractiveness as an international and national tourist destination, encouraging investment in key areas:



Hotels and Accommodation

Encourage the construction and modernization of hotels and resorts to improve the supply of accommodation.



Preservation of Cultural and Natural Heritage

Promote the conservation of historical sites and protected natural areas, enhancing the country's cultural and environmental wealth.



Transport and Accessibility

Improve air, land, and maritime connectivity to facilitate access to tourist destinations.



Sustainable and Inclusive Tourism

Encourage practices that respect the environment and benefit local communities, promoting social and economic inclusion

Specific objectives of the plan include:

Promote the organization and structuring of Brazilian tourist destinations' competitiveness in a sustainable, inclusive and accessible manner. The aim is to increase the number of tourist municipalities on the Brazilian Tourism Map from 312 to 400 by 2027, representing an increase of 28.2% in four years.

Encourage domestic tourism, increasing the number of trips made by Brazilians within the country from 93 million in 2023 to 150 million per year in 2027.

Increase foreign tourist arrivals from 5.9 million to **8.1 million in 2027**, implying an annual growth of 8.2%. The best-scenario plan envisages attracting 10 million international visitors by that year.

Enhance the qualification of tourism professionals and service providers, increasing the number of formal jobs in the sector from 2 to 3 million people by 2027.

Increase international tourism revenues, raising them from USD 6.6 billion to USD 8.1 billion by 2027.

To achieve the proposed objectives for the development of the tourism sector, the Brazilian government has made the following ministries and specialized agencies responsible for implementing the aforementioned policies. Coordination and collaboration between these entities are essential to drive the sustainable and inclusive growth of the tourism sector in Brazil:

Ministry of Development, Industry, Trade and Services (MDIC)

The **MDIC** is responsible for formulating and implementing policies related to industrial development, foreign trade and investment promotion in Brazil. It influences tourism by promoting the modernization and competitiveness of the sector, supporting innovation initiatives and helping to bring tourism services together. It coordinates agencies such as the **Brazilian Trade and Investment Promotion Agency (ApexBrasil)** and the **Brazilian Foreign Trade Council (Camex)**, which play key roles in promoting investment and foreign trade.

Ministry of Tourism

The **Ministry of Tourism** is the body responsible for framing and implementing public policies for the development of the tourism sector in Brazil. It directly influences tourism through the promotion of tourism infrastructure, professional training and the promotion of sustainable tourism. It is responsible for attracting investment for tourism projects and coordinates the work of the **Brazilian Tourism Board (Embratur)**, which is tasked with promoting the country as a tourist destination internationally.

Brazilian Foreign Trade Council (Camex)

Camex, which is coordinated by the MDIC, is responsible for framing and coordinating foreign trade policies in Brazil. It is tasked with improving the competitiveness of Brazilian companies in the global market, including those in the tourism sector, by facilitating access to international markets and establishing trade guidelines.

Brazilian Trade and Investment Promotion Agency (ApexBrasil)⁹⁸

Apex-Brasil is tasked with developing the competitiveness of Brazilian companies by promoting the internationalization of their businesses and attracting foreign direct investment.

Investment Partnerships Programme (IPP)

Since 2016, Brazil has been running the Investment Partnerships Programme (PPI), a public-private partnership initiative that aims to attract private investment for infrastructure projects and concessions in strategic sectors, including tourism. The IPP facilitates public-private partnerships (PPPs), cuts red tape and provides legal certainty for investors. Its objective is to promote projects that improve tourism infrastructure, such as airports, ports, roads and cultural facilities.

Brazilian Tourism Board (Embratur)

Embratur, which is linked to the Ministry of Tourism, focuses on promoting Brazil as a tourist destination internationally. Its role is to increase foreign tourist flows and strengthen the country's image abroad through promotional campaigns, participation in international fairs and by providing support for attracting international events.



4.3. Fiscal framework and incentives



Main Taxes in Brazil

The Brazilian tax system includes several taxes that apply to both companies and individuals. The main taxes are set out below:

Corporate Taxes

1. Corporate Income Tax (IRPJ):

This tax is levied on the net profits of companies at a standard rate of 15%. In addition, there is a 10% surcharge on profits exceeding approximately USD 39,500. Companies may choose to calculate the IRPJ on the actual profit or on a presumed profit, depending on their turnover and type of activity.

2. Social Contribution on Net Profit (CSLL):

Applied to companies, in addition to the IRPJ, to fund social security programmes. The general rate is 9%, although for financial institutions and insurance companies it may be higher. This tax is calculated on the same basis as the IRPJ.

3. Industrialized Products Tax (IPI):

This is a federal tax levied on industrialized products, both domestic and imported. Rates vary depending on the classification of the product according to the IPI Incidence Table (TIPI). Some essential products may be exempt or have reduced rates, while products considered superfluous may have higher rates.

4. Tax on the Circulation of Goods and Services (ICMS):

This state tax is levied on the circulation of goods and certain services. Rates vary by state and type of product or service, and are generally between 17% and 20%. ICMS is a non-cumulative tax and companies may take advantage of tax credits for taxes paid at earlier stages of the production chain.

5. Contributions to PIS/PASEP and COFINS:

These are social contributions levied on companies' gross income. For the PIS, the rates are 0.6% in the cumulative regime and 1.6% in the non-cumulative regime. For COFINS, the rates are 3% in the cumulative regime and 7.6% in the non-cumulative regime. These contributions are used to fund social and social security programmes.

(*) Taxes will be affected by the Tax Reform



Taxes for Individuals

1. Personal Income Tax (IRPF):

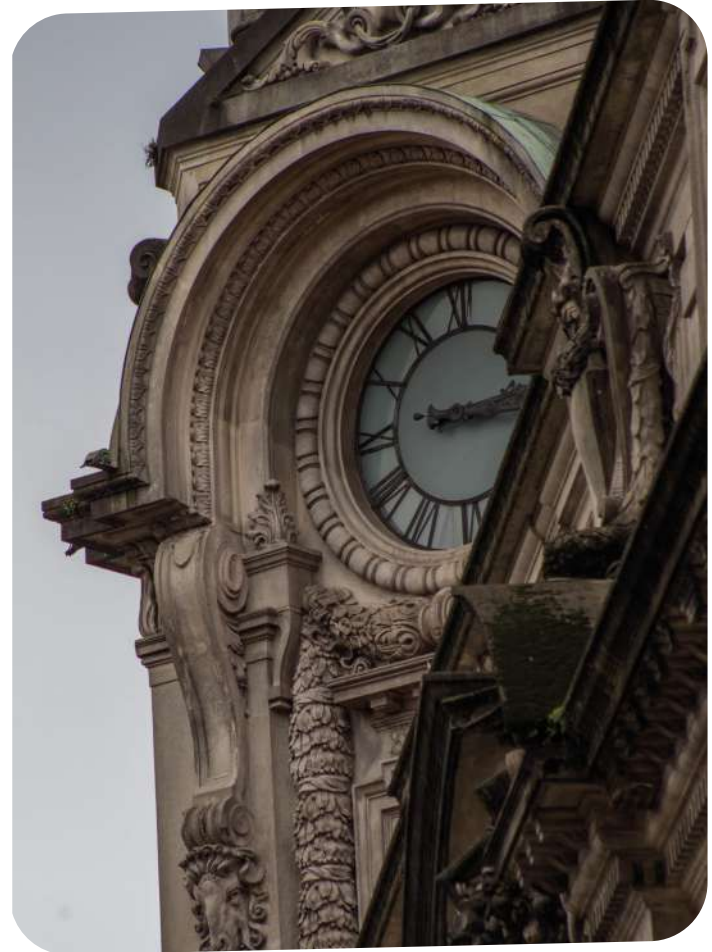
Taxes the income of individuals resident in Brazil at progressive rates ranging from 0% to 27.5%. Deductions and exemptions are applied according to current legislation, such as expenses for education, health and dependents. Personal income tax is withheld at source for salaries and certain types of income.

2. Property Tax (IPTU):

This is an annual municipal tax levied on the ownership of urban property. The rates vary according to the municipality and the market value of the property.

3. Property Transfer Tax (ITBI):

Taxes the transfer of property ownership, with rates generally ranging between 2% and 6%, depending on the municipality. This tax is paid at the time of purchase and sale and is essential for the registration of the property.



Below is a summary table of the main taxes in Brazil:

Table 4.1 Main Tax Rates in Brazil

Corporate Income Tax (IRPJ)



This is levied on the net profits of companies. Companies may choose to calculate the tax on actual or presumed profit. Tax rate 15% standard rate + additional 10% on profits exceeding BRL 240,000 per year.

Social Contribution on Net Profit (CSLL)

Applied in addition to the IRPJ to fund social security programmes. Higher rates for financial institutions and insurance companies. Tax rate 9%.

Industrialized Products Tax (IPI)



Federal tax on industrialized products, both domestic and imported. Rates vary according to product classification. Variable tax rate (generally from 5% to 30%).

Taxes on the Circulation of Goods and Services (ICMS)

State tax on the circulation of goods and certain services. Rates vary by state and type of product or service. Tax rate varies by state (generally 17% to 20%).

Service Tax (ISS)



Municipal tax on the provision of services. Rates vary according to the municipality and the type of service rendered.

Tax rate

2% to 5%.

Tax on Financial Transactions (IOF)



This tax is levied on credit, foreign exchange, insurance, and securities transactions. Rates vary depending on the nature of the transaction.

Tax Rate

Varies (generally from 0% to 1.8%)

Contributions to PIS/PASEP and COFINS*



These are levied on the gross income of companies. The rates depend on the tax regime (cumulative or non-cumulative).

Tax rate

PIS Tax Rate: 0.6% or 1.6% COFINS: 3% or 7.6%.

Continue →

Import Tax (II)



Tariff applied on the customs value of imported goods. Rates depend on the type of product according to the Mercosur Common External Tariff.

Tax Rate

Varies (from 0% to 35%)

Social Contribution on Net Profit (CSLL)



This tax is applied in addition to the IRPJ to finance social security programs. Higher rates for financial institutions and insurers.

Tax Rate

9%

Tax on the Circulation of Goods and Services (ICMS)



State tax on the circulation of goods and certain services.

Tax Rate

Rates vary by state and the type of product or service. Varies by state (generally from 17% to 20%)

Personal Income Tax (IRPF)



Tax on the income of individuals residing in Brazil.

Tax Rate

Progressive rates from 0% to 27.5%

Source: PricewaterhouseCoopers (PwC) 2023, Brazil: Corporate – Income determination (online), available at: <https://taxsummaries.pwc.com/brazil/corporate/income-determination> (12-10-2024).

*Taxes will be affected by the Tax Reform



Repatriation of profits

In Brazil, taxation of **dividends**, **interest** and **royalties** is as follows:

Dividends

Dividends distributed to shareholders, whether resident or non-resident, are exempt from income tax and are not subject to withholding tax (IRRF). This allows the repatriation of profits without additional tax burdens in the country.

Interest

Interest paid to non-residents is subject to a 15% withholding tax on the gross amount. However, if the beneficiary resides in a country considered a tax haven, the withholding tax rate is increased to 25%.

Royalties

Royalties are deemed to be remuneration between counterparties for industrial and intellectual property rights and are subject to the same taxes as corporate profits (IRPJ and CSLL). Royalty transactions registered with the National Institute of Intellectual Property are generally not subject to transfer pricing rules.



Investment Incentives

The following are some of the incentive programmes of interest to a foreign investor in tourism:

Special Tax Regime for Tourism (RETUR)

Provides tax benefits for companies that invest in tourism infrastructure, such as hotels and resorts. Incentives may include exemptions or reductions in taxes such as IPI, PIS/COFINS and IRPJ, facilitating the acquisition of equipment and materials necessary for the construction and operation of tourism facilities.

Ex-tariff regime

Allows for a temporary reduction in import tariffs on capital goods, information technology and telecommunications where there is no equivalent domestic production. This makes it easier to import the machinery and equipment needed for investment projects, thereby reducing costs and promoting technology modernization.

Technological Development and Innovation

Support Programmes Provide exemptions and reductions in taxes such as IPI, PIS and COFINS for companies that invest in Research & Development. These programmes aim to promote technology innovation in various sectors, including tourism, by encouraging projects that incorporate new technologies and processes.

General Fund for Tourism (Fungetur)

This is a key credit mechanism for promoting tourism as a business and as a social and economic development strategy. By offering financing to companies directly and indirectly linked to the tourism sector, Fungetur promotes an increase in the quality of services provided to tourists and helps expand opportunities to establish new businesses, generating employment and income.

Fungetur's main objectives are to provide competitive credit facilities to entrepreneurs in the tourism sector, support basic tourism infrastructure, generate income and foster economic development, increase the supply of direct and indirect jobs, and encourage the sustainable development of tourism. This programme makes it possible to finance civil engineering works for the delivery, expansion, modernization and renovation of tourism facilities, as well as the acquisition of machinery and equipment for the tourism sector, and working capital for business operations.



Delta do Parnaíba, Piauí



Double Taxation Treaties (DTT)

Although Brazil does not have an extensive network of Double Taxation Treaties (DTT), it does have bilateral agreements with 38 nations, in addition to three new treaties that have not yet entered into force with Colombia, Poland and the United Kingdom.¹⁰³ These agreements serve to avoid double taxation and prevent tax evasion. The treaties provide foreign investors with more favourable tax treatment, facilitating the recognition of tax credits and establishing procedures for resolving double taxation disputes. The existence of these agreements improves the tax environment for foreign direct investment, providing greater tax certainty and long-term legal certainty,¹⁰⁴ which is key to attracting investment.



Cataratas do Iguaçú, Paraná

5

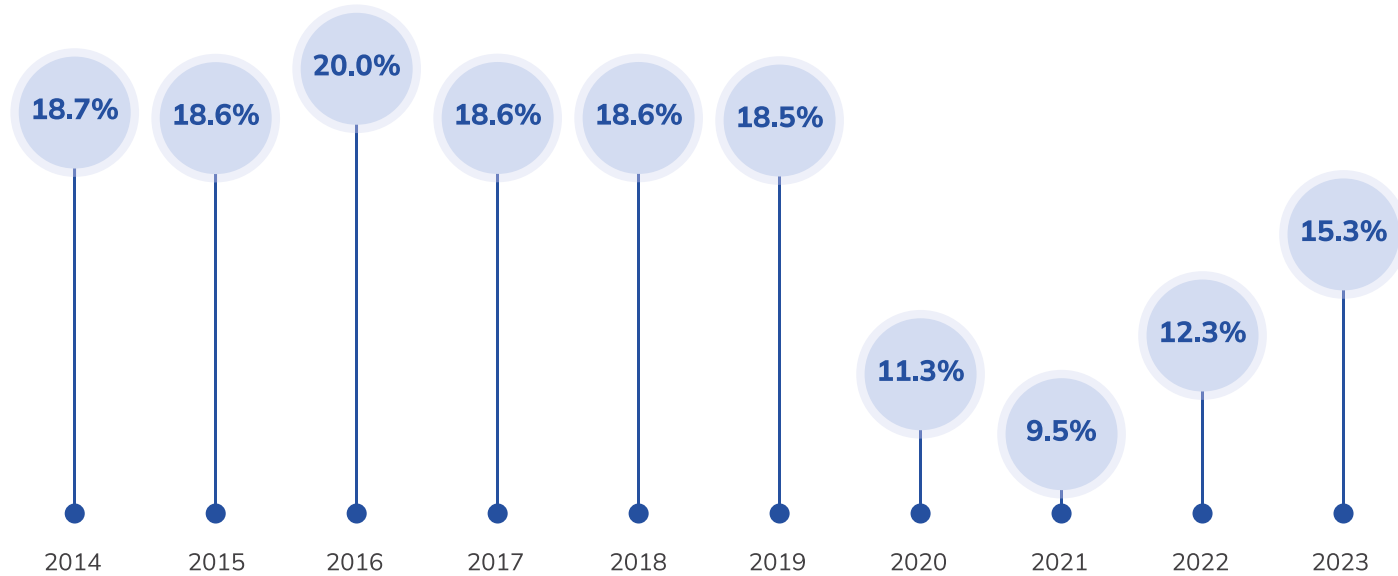
COMPETITIVE LANDSCAPE

5.1. Outlook for the tourism cluster

Brazil's tourism sector remains a fundamental pillar for the national economy, acting as an increasingly important driver of development and employment. In 2023, tourism's direct contribution to GDP reached 8%, reflecting a solid post-pandemic recovery, with international tourist arrivals recovering to 93% of the levels recorded in 2019.¹⁰⁵ According to Ministry of Labour and Employment data, 6.8 million people were employed in tourism-related activities in 2023, and 214,086 new formal jobs were created. During the first seven months of 2024, another 110,012 jobs were generated, underscoring the key role of the sector as a job generator and source of livelihood throughout the country.¹⁰⁶

Thanks to Brazil's cultural diversity and the natural heritage of its huge territory, the country has enormous tourism potential. Its infrastructure and welcoming environment for international visitors underscore its attraction. These factors, together with a strong commitment to sustainable development, form the basis of the proposal for the sector. The Brazilian government has undertaken significant efforts to improve the business climate and attract long-term investment. Examples include the implementation of tax incentives, the development of more flexible regulatory frameworks for Public-Private Partnerships (PPPs) and strategic plans to promote the country more forcefully internationally.

Figure 5.1: International tourism revenue as a percentage of the country's service exports, 2014 – 2023 (%)



Note: Includes direct, indirect, and induced impacts

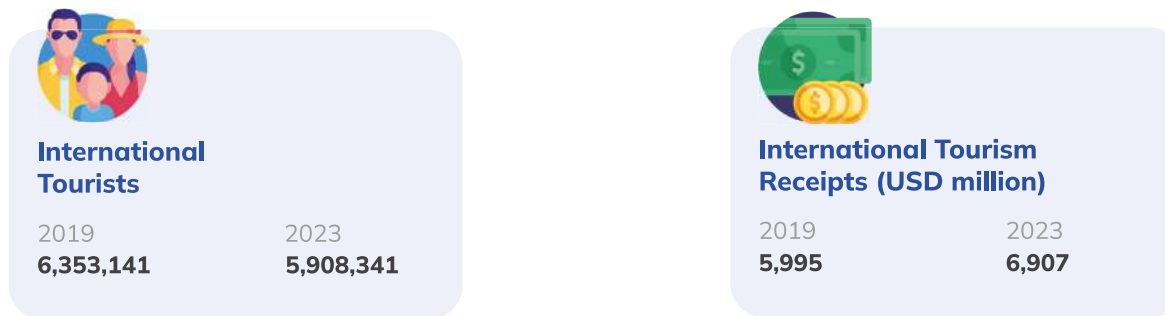
Source: International Monetary Fund (2024), Balance of Payments and International Investment Position, (online), available at: <https://data.imf.org/?sk=7a51304b-6426-40c0-83dd-ca473ca1fd52&sid=1390030341854> (10-05-2024).

In 2023, Brazil welcomed 5.9 million international tourists, generating record revenues of USD 6.907 billion, a 40% increase compared to 2022.¹⁰⁷

Since experiencing a significant drop in 2020, when revenues fell to approximately USD 3.044 billion as a result of the pandemic, the sector has shown a steady recovery. In 2023, tourism accounted for 15.3% of total services exports in Brazil, including direct, indirect and induced impacts, approaching the 18.5% recorded in 2019.¹⁰⁸

Although not yet reaching the pre-pandemic percentage, this positive trend highlights the increasingly important role of tourism in the national economy. According to Embratur, international tourism revenues grew by 15.6% during the first half of 2024, compared to the same period in the previous year.

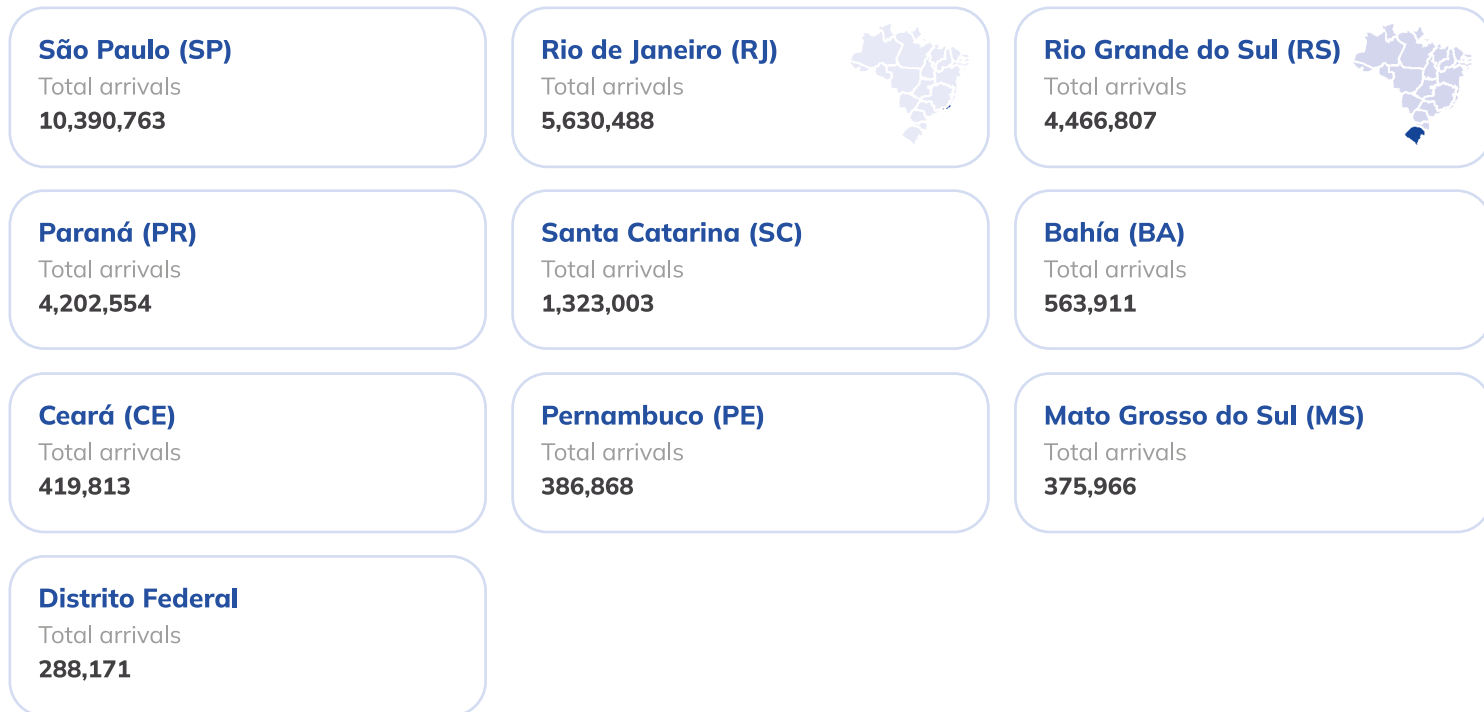
Figure 5.2: Indicators of the tourism sector in Brazil, 2019 and 2023



Source: World Tourism Organization (2024), UNWTO Tourism, Statistics Database, Madrid, data updated on 31/07/2024. More information: www.unwto.org/tourism-statistics/tourism-statistics-database (03-10-2024).

São Paulo, as the top destination for international tourists, registered more than 10 million arrivals between 2018 and 2024. Rio de Janeiro remains a key magnet, with more than 5.6 million arrivals in the same period, followed by Rio Grande do Sul and Paraná, which together account for more than 8.6 million visitors. The country's geographic diversity is reflected in the arrivals distribution in states such as Santa Catarina, Bahia and Ceará, underscoring the immense potential of various regions beyond its main cities.¹¹⁰





















Figure 5.3: Main destinations of international tourists in the country, 2023



*Data for 2024 are only available for the period from January to September.

Source: Brazilian Agency for International Tourism Promotion, (2024), (online), available at: <https://dados.embratur.com.br/inicio/receitas-turisticas>. (10-03-2024).





Figure 5.4: International tourists according to country of origin, 2023

Country	Tourists		Country	Tourists
 Argentina	1,882,240		 Bolivia	123,803
 United States	668,478		 Colombia	118,163
 Chile	458,576		 Spain	114,096
 Paraguay	424,460		 Peru	99,353
 Uruguay	334,703		 Mexico	82,324
 France	187,559		 Switzerland	50,359
 Portugal	182,463		 Netherlands	45,917
 Germany	158,582		 China	42,542
 United kingdom	130,239		 Japan	43,341
 Italy	129,447			

Source: Brazilian Agency for International Tourism Promotion, (2024), (online), available at: <https://dados.embratur.com.br/inicio/receitas-turisticas> (03-10-2024).

In terms of international tourist origin, Argentina is by far the leading country, with more than 1.8 million arrivals, which reinforces the close ties between the two countries. The United States, with 668,478 arrivals, is the main source of tourists from outside South America, followed by Chile and Paraguay, with more than 400,000 visitors each. Europe also plays an important role, with France, Portugal and Germany among the main source markets.¹¹²

Figure 5.5: Evolution of tourism employment, 2018 – 2022

	2018	2019	2020	2021	2022	2022 VS 2018
 Accommodation	333,366	336,663	271,902	302,104	338,000	1%
 Food & Beverage (or Restaurants)	1,291,134	1,314,836	1,051,147	1,106,747	1,346,880	4%
 Land Transport	199,661	192,971	165,576	167,443	198,904	0%
 Water Transport	8,433	8,174	7,452	7,061	9,167	9%
 Air Transport	59,114	63,657	46,389	47,959	50,313	-15%
 Transport Rental	46,287	59,159	54,376	63,495	69,932	51%
 Travel Agencies	66,758	67,728	46,600	47,121	61,257	-8%
 Culture & Leisure	61,226	61,104	49,632	52,066	64,167	5%
Total	2,065,979	2,104,292	1,693,074	1,793,996	2,138,620	4%

Source: Ministry of Labour and Employment (2024). Annual Report on Social Information (RAIS) – July 2024. Available at: www.rais.gov.br/sitio/index.jsf [10.03.2024].

A clear recovery can be seen in the employment trend in the sector. The total number of jobs rose from 1.7 million in 2020 to 2.1 million in 2022, reaching even higher levels than in 2018 and 2019.¹¹³ This growth is indicative of the sector's resilience and its renewed dynamism in the aftermath of the pandemic. For investors, this upward trend reinforces the viability of long-term projects, with a strengthening labour market and growing demand for services across the country.

Figure 5.6: Evolution of accommodation establishments, 2021 - 2028p

	2021	2022	2023	2024*	2025 ^p	2026 ^p	2027 ^p	2028 ^p
 Number of hotels and establishments ('000)	16.04	17,98	19.42	20.47	21.28	22.11	22.58	22.95
 Total overnight stays ('000)	115,908	131,280	141,734	152,976	162,326	170,964	178,784	184,263
 Average length of stay, nights	15.9	17.4	18.8	20.2	21.5	22.8	23.9	24.7
 Hotel rooms ('000)	608.27	682.50	737.45	777.43	808.45	839.88	858.55	872.30
 Trade, accommodation, and food services, nominal GVA, billions of dollars	195.95	235.42	268.02	274.56	274.56	309.49	322.07	335.22

Source: Brazil Tourism Report | Q4 2024 - Fitch Solutions, (2024), (online), available at: <https://fitchsolutions.com/tourism/brazil-tourism-report> (10-03-2024).

The 2021-2028 projections for accommodation establishments in Brazil reflect a sustained growth trend. In 2022, the number of hotels and accommodation establishments reached 17,980, and are expected to reach 22,950 in 2028. This increase is accompanied by an increase in overnight stays, rising from 115.9 million in 2021 to a projected 184.2 million in 2028, with the average length of stay also progressively increasing. In addition, the projected gross value added (GVA) for accommodation and food services marks a significant increase, from USD 235.42 billion in 2022 to USD 335.22 billion in 2028.¹¹⁴

Brazil's tourism sector has shown remarkable resilience and growth, driven by its natural wealth, cultural diversity and the joint efforts of government and private initiative. Recent figures reflect a clear return to pre-2020 levels.

Brazil has solid advantages as an FDI attraction pole, driven by a synergy between tourist inflows, the income generated and the interest shown by foreign investors.

With a cumulative 33 greenfield projects and investment of USD 1.218 billion between 2018 and 2023,¹¹⁵ Brazil attracts higher average levels of interest per project, which underscores its attractiveness to high-

profile investors. In terms of tourist arrivals (5.9 million in 2023) and tourism revenue generation (USD 6,907 million in 2023), Brazil stands out for its capacity to deliver income with solid upside potential. This activity is complemented by an upturn in air transport volume, which reached an all-time growth high in 2023 with more than 10.4 million passengers transported by Brazilian airports, an increase of 7.8% over the previous year.¹¹⁶

In the domestic market, 8.3 million travellers used air transport, reflecting an increase of 6.5%, while overall domestic passenger demand grew by 11.3% compared to 2022. These indicators reinforce Brazil's competitiveness as a strategic destination, supported by a constantly expanding tourism and transport infrastructure that maximizes the economic return from international and domestic visitor flows.¹¹⁷

Brazil's ability to convert tourism into high revenue levels and attract foreign capital consolidates its position as a regional leader, both in terms of visits and investment, giving it a structural advantage over other South American countries, which have not yet achieved the same level of attraction for tourism capital.



Praia da Pedra do Sal, Parnaíba, Piauí



2. Maritime Cruise Terminal in Santarém – PA

Location: Santarém (Lower Amazonas), Pará

Description: The municipality of Santarém, known as the “Pearl of Tapajós”, stands out as one of the main tourist destinations in the State of Pará. In recent years, Brazil has seen significant growth in the maritime cruise sector, accompanied by a need to expand the segment into the vast Amazon basin, a region with high tourism potential. However, there are persistent challenges in terms of travel support infrastructure capacity, especially passenger and equipment embarkation and disembarkation operations. The maritime cruise sector has great potential to contribute to revenue generation and other economic benefits for the state of Pará.

The construction of a cruise ship terminal in Santarém would allow for an increase in the number of maritime and river cruise ships, catering not only for operators’ growth needs, but also for

passenger embarkation operations to the region’s various tourist attractions. In addition, the main expected benefits are an increase in local income generation, greater integration of the region into international tourist circuits, and a high-quality experience for passengers, integrating the urban and scenic environment of the municipality and the Amazon region.

Responsible Entity: State Secretariat of Tourism (SETUR) / Pará Ports and Waterways Company (CPH)

Type of Investment: Not reported

Investment Amount: USD 12 million



NORTHEAST REGION



3. Cabo Branco Tourist Complex

Location: João Pessoa, Paraíba

Description: The Cabo Branco Tourist Hub project allocates 21 lots to develop the largest planned tourist complex in the Northeast, bringing together resorts, an aqua park, entertainment equipment and commercial and service establishments. It is located in an area of 654 hectares and is already home to the nationally-recognized, award-winning João Pessoa Convention Centre.

Operating Group: Development Company of Paraíba – CINEP

<https://investimento.turismo.gov.br/portuguese/polo-turistico-cabo-branco/>



4. Costa Azul Bahia Resort & Condo

Location: Jandaíra, Bahia

Description: Mixed-use real estate project with hotels, luxury condominiums and sustainable infrastructure in an area of 845 hectares.

Operating Group: Invisa Internacional Hoteles Ltda.

Type of Investment: Civil Contract

Investment Value: USD 250 million

5. Carnaúba Group

Location: Preá, Ceará

Description: Carnaúba Group is developing a planned tourism destination in Preá, Ceará. Julio Capua (former founder of XP Investimentos) and other partners co-founded the Carnaúba Group in 2019 when they identified a great opportunity in the region ensuing from (i) the inauguration of the Jericoacoara regional airport, with potential to become international; (ii) the significant increase in tourism flows in the region thanks to the Jericoacoara national park – recently the subject of a concession – and wind tourism, with kitesurfing as a major attraction; (iii) a large extension of land with suitable conditions for long-term development. The Group, which has more than 70 people working on the project, has raised BRL 400 million, acquired 12,000,000 m² in the region, with 5 km of waterfront, and has already inaugurated two hotel



projects: (1) the Vila Carnaúba condominium, with around 200 lots, which will include the Anantara Hotel, a 5-star Asian chain; and (2) the Carnaúba Wind House.

Responsible Entity: Grupo Carnaúba

Type of Investment: Direct investment

Investment Amount: USD 688 million until end 2024



6. Arteco Estrela

Location: Baía Formosa, Rio Grande do Norte

Description: This is set to become an emerging tourist destination, rich in natural capital. The Baía Formosa coast requires careful development to create economic opportunities while preserving the environment for future generations. The Arteco Estrela project includes a resort and residences managed by a hotel brand, as well as a luxury condominium with infrastructure for leisure, sports and services. Highlights include impact management, waste monitoring, reducing food transport distances from local farms, and local job creation.

Responsible Entity: Baía Holding Ltda.

Type of Investment: Greenfield

Estimated Investment Amount: USD 100 million



7. Baixio Project

Location: Baixio, Esplanadada, Bahia

Description: Tourism-real estate project to be delivered on the north coast of Bahia, including luxury resorts, beach clubs, airfield, heliport, glamping and sustainable infrastructure.

Type of Investment: Tourism-Real Estate

Investment Value: USD 900 million over 10 years

8. Aldeias de Lagoinha

Location: Praia da Lagoinha, Paraipaba, Ceará



Description: Aldeias de Lagoinha is a diverse development in an area of more than 1,000 hectares with approximately 12 km of oceanfront beach. The project was designed to blend in with the unique characteristics of the local nature, in harmony with the remarkably beautiful, luxuriant landscape and environmental qualities.

The development is divided into 9 distinct villages, called “Aldeias” in homage to the native culture. Each Aldeia is named according to its specific characteristics or its vocation for hotels, residences, sports or ecotourism, commercial or service activities: Aldeia dos Coqueirais, Aldeia do Farol, Aldeia do Sol Poente, Aldeia dos Esportes, Aldeia do Sol Nascente, Aldeia do Mar, Aldeia dos Ventos, Aldeia do Golfe and Aldeia do Rio.

With a wide range of options, the project is attractive to a diverse clientele, ranging from the most demanding tourist to high-end investors. Aldeias da Lagoinha is set to become a benchmark in the field of sustainable tourism developments on the Brazilian coast.

Type of Investment: Greenfield

Investment Amount: USD 100 million

Jobs Generated: 2,500

9. Panaquatira Beach Resort

Location: São José de Ribamar, Maranhão

Description: A resort hotel with water park facilities (pools, water slide, lazy river, water bar, etc.) will be built in a private area.

Type of Investment: Greenfield

Investment Amount: USD 13 million

Direct Jobs Generated: 400 employees

Indirect Jobs Generated: 2,000 employees





SOUTHEAST REGION

10. Maraey

Location: Maricá, Rio de Janeiro

Description: MARAEY is a mixed-use real estate project located in a privileged location, very close to the city of Rio de Janeiro. With an area of 840 hectares and a beachfront of 8.5 kilometres, MARAEY combines avant-garde housing of different typologies, surrounded by large green areas and services, with a diversified and high-quality offer.

The project has innovation at its core and aims to become a global benchmark in sustainability, energy efficiency and technological transformation, incorporating smart city principles in its design.

MARAEY will house four hotels with different concepts (corporate, eco-boutique, music and golf), in collaboration with renowned brands such as Marriott International, as well as buildings that are innovative in terms of their architecture and functionality. It will also have an international university in alliance with EHL, the prestigious École Hôtelière de Lausanne, consolidating its commitment to education and talent development.



Operating Group: IDB Brasil SA

Type of Investment: Civil Contract

Amount of Investment: USD 2,000 million

Jobs Generated: 52,000

The project has won the Best Mixed-Use Project in the Americas award and has a strong EESG 2030 Agenda that reinforces its commitment to environmental, social and governance sustainability. In addition, MARAEY integrates an ecosystem of brands that ensure a unique experience in every aspect of its development.



11. Wet'n Wild Hotel – São Paulo

Location: Itupeva, São Paulo

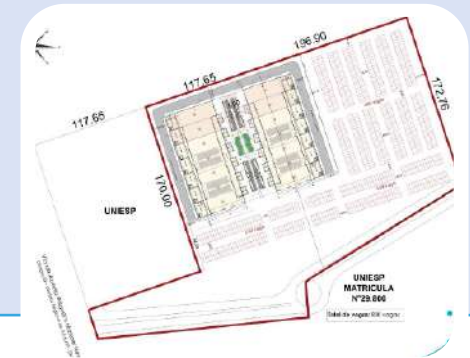
Description: Hotel with 330 apartments adjacent to the Wet'n Wild water park.

Operator Group: INVEST-SP – São Paulo Investment Promotion and Competitiveness Agency

Type of Investment: Hotel Development

Investment Amount: USD 40 million

Jobs Generated: 215 direct and 414 indirect (estimate)



12. Convention Centre – São Paulo

Location: Olímpia, São Paulo

Description: 6,000 m² convention centre project with expansion capacity, supported by a hotel network.

Operator Group: INVEST-SP – São Paulo Investment Promotion and Competitiveness Agency

Type of Investment: Public-Private Partnership



13. Hotel Esplanada – São Paulo

Location: São Paulo

Description: Rehabilitation of an iconic hotel in downtown São Paulo with more than 300 residential units.

Operator Group: INVEST-SP – São Paulo Investment Promotion and Competitiveness Agency

Type of Investment: Sale or Concession (Government of the State of São Paulo)

Investment Amount: Not reported

Jobs Generated: Not reported



14. Hot World – São Paulo

Location: Águas de Lindóia, São Paulo

Description: Expansion of hotel and timeshare complex with 850 housing units.

Operator Group: INVEST-SP – São Paulo Investment Promotion and Competitiveness Agency

Type of Investment: Civil Contract

Investment Value: USD 60 million



15. Renovation and expansion of São Paulo Zoo.

Location: São Paulo

Description: São Paulo Zoo, considered one of the best in the world, is particularly important for the diversity of its animals and its commitment to conservation, including the reproduction of species extinct in the wild, as well as its focus on education. A possible expansion and renovation is currently being considered, with a view to further improving its facilities and strengthening its educational and conservation impact.

Responsible Entity: Reserva Paulista Administradora de Parques S/A



SOUTHERN REGION



16. Costana Frontier Resort

Location: Rio Grande do Sul

Description: The Costana Frontier Resort will be built in Novo Machado/RS, on the banks of the Uruguay River, in an integration space in the heart of the native forest. In addition to the beauty of the landscapes, the location attracts groups of people looking to enjoy the best that Brazilian and Argentinean culture have to offer. With a total capacity of over 1,000 guests, the resort will encompass 275 units in an area of over 66,000 square meters, set within an area of approximately 200 thousand square meters.

Operating Group: MSK Incorp

Type of Investment: Multiple Ownership/Resort

Investment Amount: USD 100 million



17. Hotel Caldas da Imperatriz

Location: Santo Amaro da Imperatriz, Santa Catarina

Description: Hotel in Santo Amaro da Imperatriz focused on thermal tourism.

Operator Group: SC Participações e Parcerias SA

Type of Investment: Concession/Hotel

Amount of Investment: USD 9.3 million



18. Morro dos Anjos – Thermal Waters and Hotel Resort

Location: Banderiantes, Paraná

Description: Morro dos Anjos is a resort oriented towards religious tourism, providing entertainment for the whole family and for pilgrims in search of the energy of the third largest sanctuary in the world dedicated to Saint Michael the Archangel. It has become one of the main religious destinations in Brazil, attracting more than a million people a year.

Responsible Entity: Morro dos Anjos

Estimated Investment Amount: USD 100 million

Project area: 300,000 m²

Expected Return on Investment (ROI): USD 200 million in the first 10 years

Type of Investment: Not reported

Jobs Generated: Not reported



19. Event Centre in Florianópolis

Location: Canasvieiras neighbourhood in Florianópolis

Description: Concession of the Convention Centre and Multipurpose Arena. A prefabricated concrete structure with a metal roof, it has parking for 700 vehicles. Main structures: multifunctional pavilions, auditoriums, meeting rooms, parking lots. Ideal for large events, congresses, fairs, concerts, exhibitions and seminars. Close to the main airports: 32.8 km from Florianópolis, 138 km from Navegantes, 219 km from Joinville and 200 km from Jaguaruna.

Total Area: 44,000 m²

Built area: 17,000 m², divided into 2 floors.

Estimated investment amount: USD 1.85 million.

Estimated Jobs Generated: 175



20. Viewpoint at Serra do Rio do Rastro – Santa Catarina

Location: Bom Jesus da Serra, Santa Catarina

Description: The project provides for a 30-year concession for the operation of tourist facilities, with the construction of modern new facilities with premises offering minimum environmental impact plus sustainability and accessibility.

Operator Group: SC Participações e Parcerias SA

Type of Investment: Concession

Investment Amount: USD 2.5 million

Jobs Generated: 217



OTHER PROJECTS



21. Dom Pedro Laguna. WAM Experience – WAM Group

Location: Aquiraz, Ceará

Description: Investment opportunity in real estate assets and hospitality services. Dom Pedro Laguna is part of the WAM Group's portfolio of projects and is one of the most luxurious resorts in Brazil, having been voted "Brazil's Leading Resort" four times. Located on the coast of Ceará, it offers a comprehensive, sophisticated experience with direct access to the beach and is also home to an 18-hole golf course. In line with other WAM Group projects, Dom Pedro Laguna is seeking commercial partners for its expansion and modernization.

Estimated investment amount: USD 20 million

Jobs Generated: 250

Operating Group: WAM Group is a hospitality and entertainment chain with 11 hotels, resorts and 4 water parks. Present in 4 of the 5 regions of Brazil, it has a total annual traded value of approximately USD 300 million.



22. Wish Natal

Location: Natal, Rio Grande do Norte

Description: Investment opportunity in the real estate and hotel sector, with a focus on high quality properties and services for luxury and leisure tourism. Wish Natal is a 5-star resort located in Ponta Negra beach, Natal, offering luxury accommodation and an extensive leisure structure that includes swimming pools, tennis courts, spa, gym, international cuisine restaurant and a full-service events centre. With 188 apartments and managed by the WISH group – which has hotels, resorts and restaurants in its portfolio – the development attracts tourists and the corporate public alike. Its strategic location in one of Brazil's most sought-after tourist destinations and its high service standards guarantee a high occupancy rate, making it an excellent investment opportunity in the hotel sector.

Estimated investment amount: USD 25 million

Jobs Generated: 350

Operating Group: Wish Group is a hospitality chain with 9 hotels distributed from the north to the south of Brazil, with a total annual traded value of approximately USD 73.5 million.

23. Buona Vitta – Gramado Parks

Location: Gramado, Rio Grande do Sul

Description: Buona Vitta Gramado is a luxury hotel located in Gramado, one of the most visited tourist destinations in Brazil. With architecture inspired by the charm of Italy's Tuscany, the resort offers 583 sophisticated apartments and an extensive infrastructure that includes swimming pools, spa, gym, restaurants and a convention centre. The project is part of the project portfolio of Gramado Parks, a Brazilian hotel and entertainment company. Buona Vitta combines comfort and elegance with the region's strong tourist demand, presenting an excellent investment opportunity in the high-end hotel sector, with potential for high yields and value appreciation.

Estimated investment amount: USD 49 million

Jobs Generated: 500

Operating Group: Gramado Parks is a hospitality and entertainment chain with four resorts, two hubs (in Rio de Janeiro and Foz), the country's largest snow park (SnowLand) and the only indoor hot springs theme park in Brazil (Acqua Motion), with a total annual traded value of approximately USD 163.4 million.





6

OUTLOOK FOR GREEN INVESTMENT

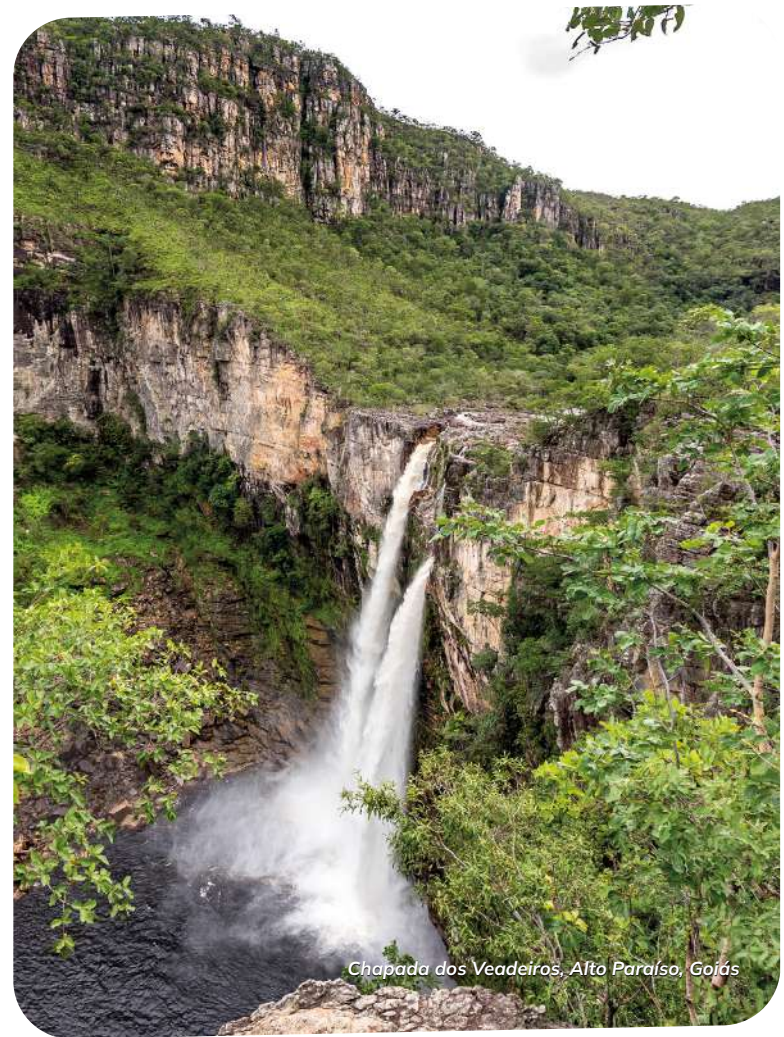
Brazil is emerging as a global leader in green investment, especially in sectors such as renewable energies, modernization of water and sanitation infrastructure, and industrial decarbonization. These initiatives not only seek to mitigate the effects of climate change, but also to generate new economic opportunities by promoting a greener, more attractive kind of tourism.

Brazil's green potential



Because of the huge expanse of its Amazon rainforest, Brazil is considered to be the lungs of the planet, but it is also a giant in terms of renewable energy and sustainable solutions. In 2023, Brazil ranked global third for attracting investment in renewable energy, bringing in over USD 25 billion in projects designed to transform its energy matrix towards a low-carbon economy.¹⁸

These investments help Brazil to meet its commitments to reducing greenhouse gas emissions and creating infrastructure that can be leveraged for tourism. The transition to clean energy and the modernization of water and sanitation systems are key to making tourism destinations more resilient and attractive to the growing segment of travellers interested in sustainability.



Chapada dos Veadeiros, Alto Paraíso, Goiás

Strategic Alliances to Promote Green Tourism



The support of international financial institutions has been essential in advancing Brazil's green transformation. An example of this is the recent partnership between the Inter-American Development Bank (IDB) and the Brazilian government under the Green Transformation Plan, which seeks to mobilize more than USD 3.4 billion in green investments.¹¹⁹ This initiative aims to reduce foreign exchange risk and attract foreign capital for projects focused on sustainable agriculture, biofuels and energy efficiency. For the tourism sector, this opens up opportunities to develop eco-resorts, sustainable accommodation and improve infrastructure in protected natural areas.¹²⁰

CAF, Development Bank of Latin America and the Caribbean, has partnered with Vinci Partners to develop resilient infrastructure in Brazil, including green infrastructure projects that benefit both tourism and local communities. Recently, an equity investment of up to USD 25 million was approved in the Vinci Credito Infra Institucional FI-Infra RF fund, aimed at financing infrastructure projects through senior debt. This multilateral fund covers key areas such as renewable energy, low-carbon technologies, urban mobility, basic sanitation and logistics, all fully aligned with the objectives of the Brazilian Federal Government, BNDES and BNBI.²¹

The World Bank, with financial support from the International Bank for Reconstruction and Development (IBRD), has also committed USD 1 billion for projects that accelerate the decarbonization of the Brazilian economy. This partnership focuses on green transformation and prioritizes technical and financial solutions in areas such as resilient cities, forest conservation and sustainable waste management. In addition to mobilizing significant resources, the partnership fosters an ongoing dialogue between various actors, ensuring autonomy in decision-making and promoting an inclusive and sustainable agenda to address the climate crisis.¹²²

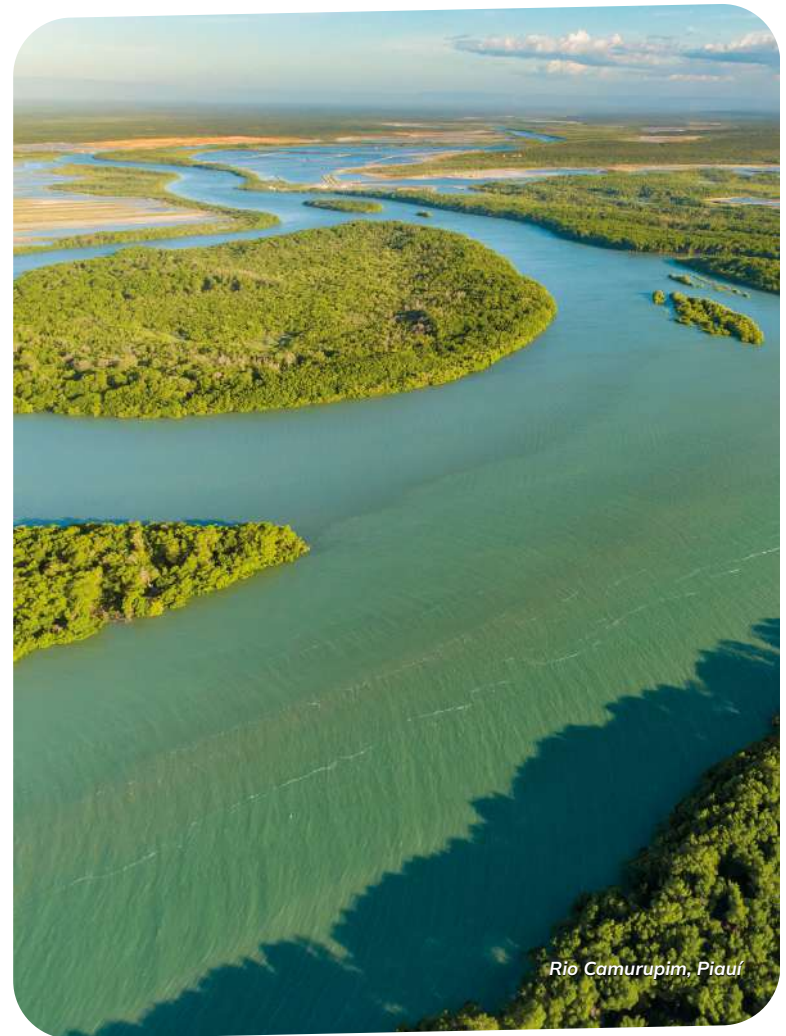


Renewable Energies: Growth Opportunity

Energy transition is one of the key pillars of Brazil's green investments. The National Energy Plan 2030 (PNE 2030) underlines the importance of non-hydroelectric renewable energies as key alternatives, not only to meet the growing electricity demand that the country will face in the coming years, but also to increase the share of sustainable sources in the Brazilian energy matrix. Brazil currently ranks seventh in the world for clean energy investment, and is the sixth most attractive for this type of capital.¹²³

These investments include important advances in second-generation ethanol, biofuel plants and clean energy, which are all key to developing sustainable tourism destinations and promoting an economy with a smaller environmental footprint.

The tourism sector can directly benefit from these initiatives. For example, sustainable energy infrastructure facilitates the operation of eco-hotels and resorts, which are not only energy efficient, but can also promote nature tourism, such as ecotourism in the Amazon, or in regions such as the Pantanal and the Cerrado.



Rio Camurupim, Piauí

Green initiatives and sustainable tourism



One of the most promising areas for tourism development is the integration of biodiversity and renewable energy. Brazil has launched the “Rainforest Initiative”, which protects the Amazon rainforest and other key ecosystems. This initiative attracts investment in conservation, and aligns perfectly with nature and adventure tourism, a segment that has grown exponentially in recent years.

On the other hand, support for small and medium-sized enterprises (SMEs) in the green technology sector plays a fundamental role in the development of sustainable tourism accommodation and services. Investment in renewable energies, water efficiency and electric mobility are helping tourism SMEs to adapt to the new demands of travellers, who are looking for experiences that minimize their environmental impact.

Modernization of Water and Sanitation Systems



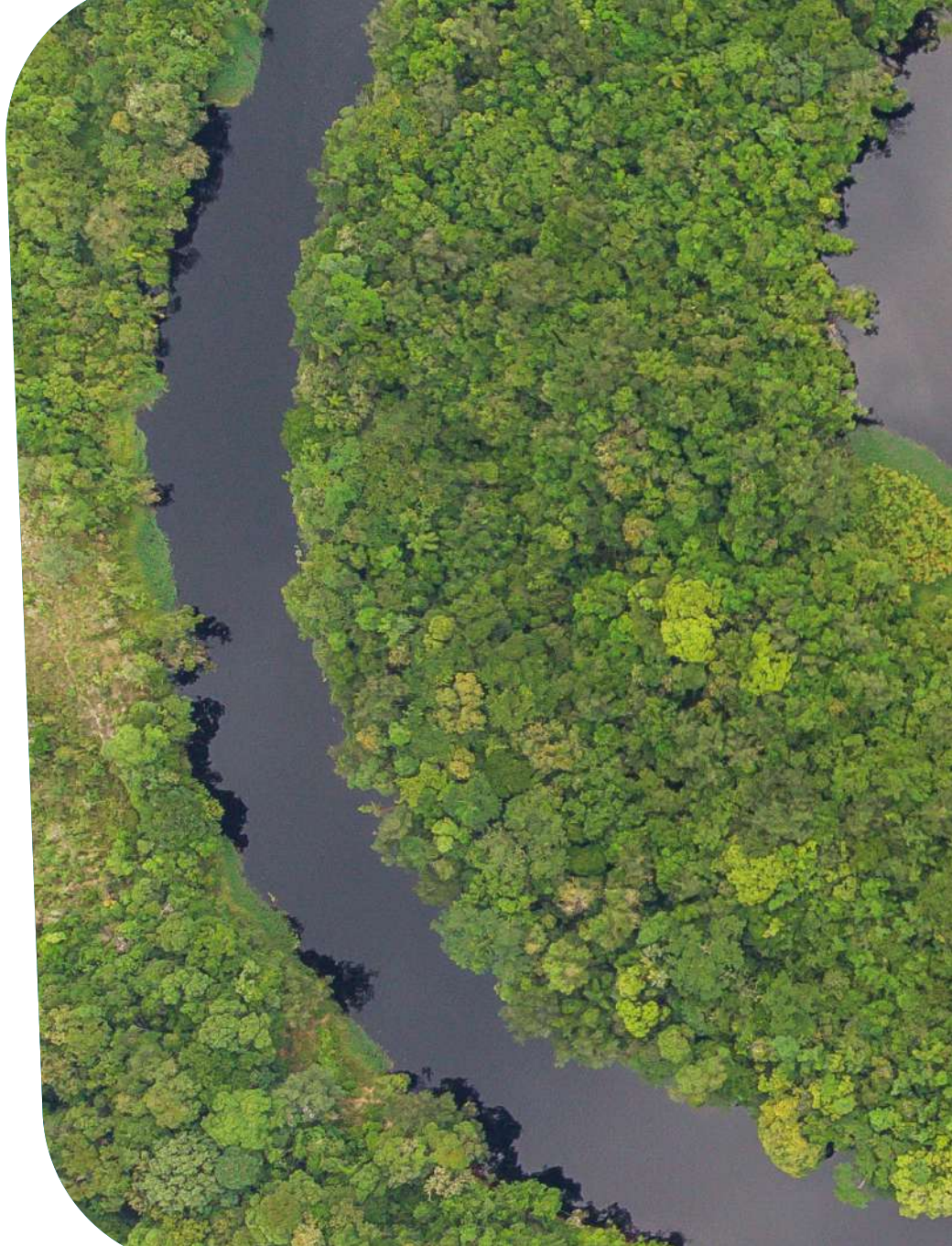
Water and sanitation system modernization is key to delivering sustainable tourist destinations. Brazil has attracted significant investment to improve this critical infrastructure, especially in high-demand tourist regions. These improvements ensure an adequate supply of potable water and proper waste management, as well as contributing to the preservation of local ecosystems. An efficient water and sanitation system is key to offering healthier, more sustainable destinations, which makes Brazil more attractive as a green destination.

Investment Opportunities

Brazil presents a range of opportunities for investors who are interested in sustainable tourism. The rollout of renewable energies, protection of biodiversity and modernization of key infrastructure offer an attractive environment for long-term investment. Some of the sectors with the greatest potential include:

- **Development of eco-hotels and resorts:** By leveraging investment in renewable energy, investors can create sustainable accommodation that attracts tourists interested in nature and sustainability.
- **Electric mobility in tourist areas:** Investment in electric mobility can transform transport systems in tourist areas, reducing pollution and improving the visitor experience.
- **Conservation and ecotourism projects:** Investing in natural protected areas and conservation projects can generate both economic and environmental returns, aligning with the growing demand for nature tourism.

Brazil is demonstrating that green investments are not only a necessity to mitigate the effects of climate change, but also an opportunity to transform its tourism industry. As the country modernizes its infrastructure and commits to clean energy, investors can see a unique, profitable opportunity in the growth of an increasingly sustainable, resilient kind of tourism. To support this approach, Brazil – led by entities such as CAF and the IDB – is positioning itself as a key investment destination in the transition to a green economy.





Rio Preto, Itanhaém, São Paulo



Rio Parnaíba, Delta do Parnaíba, Piauí

7

CAF AND THE FINANCING OF THE TOURISM INDUSTRY

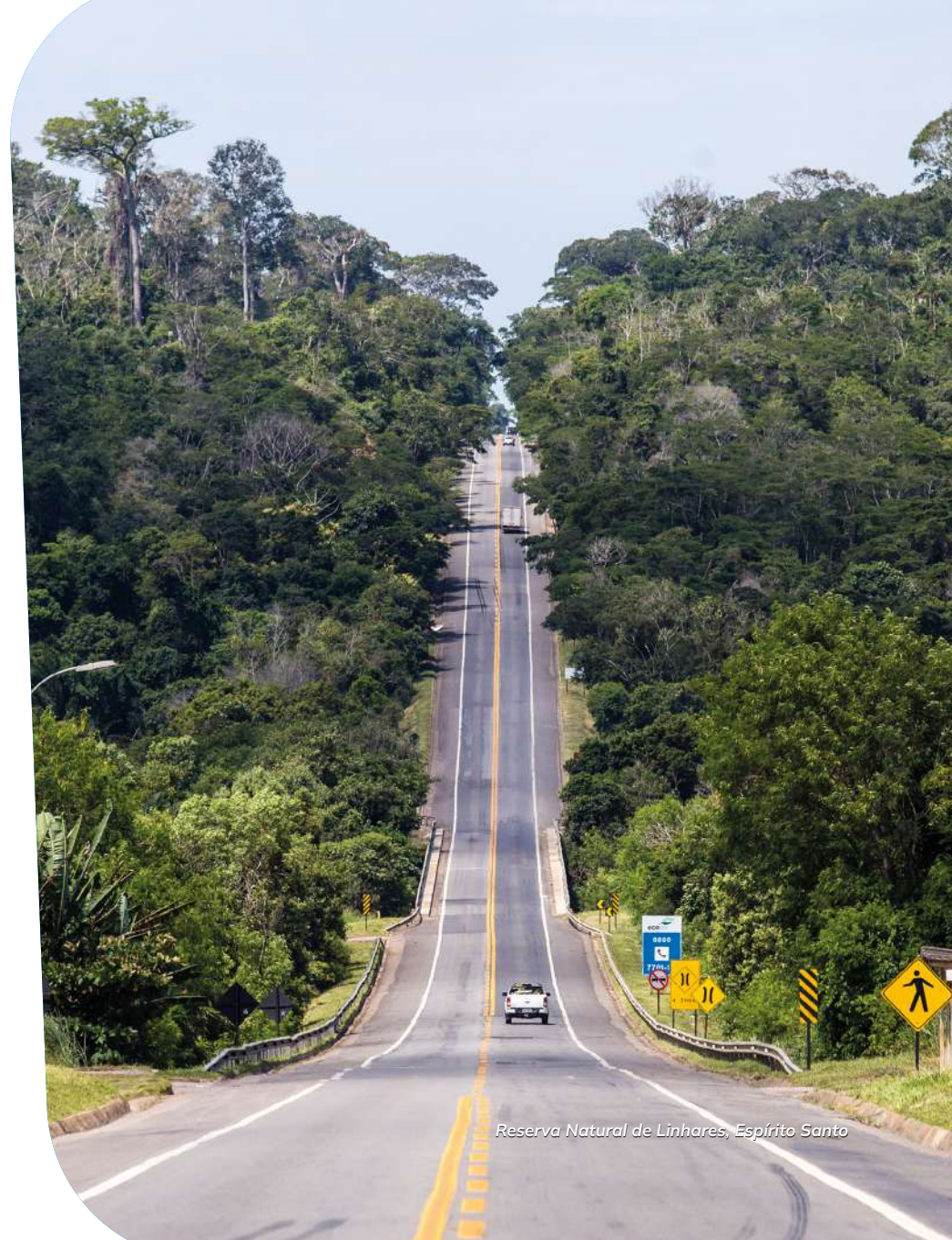
CAF – Development Bank of Latin America and the Caribbean – is a multilateral financial institution whose mission is to promote sustainable development in the region through the provision of financial services such as loans and technical assistance. CAF's Renewed Strategic Agenda 2022-2026 is informed by its intention to be the Green, Sustainable and Inclusive Growth Bank for Latin America and the Caribbean, supported by cross-cutting elements such as knowledge generation, results and impact orientation aligned with the SDGs, gender equality, inclusion, ethnic and racial diversity, and digital transformation. CAF has established its corporate strategy within these parameters, implemented through a set of initiatives that have been developed as part of its Mission, Transversal and Enabling Agendas.

As part of its vision, and in order to deliver on its intention to be a green, inclusive bank, its Sustainable Tourism Directorate (DTS) promotes a tourism development model that generates long-term economic growth through the promotion of public and private investment.

CAF aims to spearhead a **strategy to support the growth and consolidation of a Sustainable Tourism Industry in Latin America and the Caribbean**¹²⁴ by promoting public and private investment through a model that balances economic growth and the conservation of its ecosystems, generating employment opportunities that contribute to poverty reduction and demonstrating the value of its biodiversity, urban and rural environments and cultural and symbolic spaces, as well as the ancestral knowledge of its indigenous peoples. All of which are in line with the commitments made by the States under the 2030 Agenda and the Paris Agreement.

CAF supports strategic projects that improve tourism competitiveness and attract investment, including:

1. **Tourism Infrastructure:** Construction, adaptation and equipment for hotels and tourist complexes; development of theme parks in tourist areas, construction and rehabilitation of sporting lodges and marinas, and construction and rehabilitation of convention centres, cultural centres, handicraft centres and museums.
2. **Transport:** Development of air, sea and land transport systems.
3. **Green Business:** Initiatives focusing on sustainability, waste management, decarbonization, nature-based solutions for eco-neutrality, the circular economy and certification for tourism that focuses on environmental sustainability and energy efficiency in order to lower CO2 emissions.



Reserva Natural de Linhares, Espírito Santo

Projects that can be financed include bicycle lanes, tourist signage, renovation of public spaces, pedestrianization, promotion of connectivity, maritime and river cruise routes, security and tourist service centres. To promote more inclusive tourism, accessibility projects for people with disabilities are supported, such as adapting transport infrastructure both physically and in terms of communications, staff training, campaigns, provision of materials, technology and technical aids, as well as programmes to promote ethno-tourism and indigenous tourism.

For the development of more creative destinations, CAF finances projects in areas such as tourism digitalization, promotion, marketing and payment platforms, augmented reality, tourist guides with mobile applications, preparation and rollout of new products, and tourist safety. It also finances projects for museums, gastronomy, oenology, interpretation centres, restoration of monuments, craft centres, theatres and art galleries; processes to protect or maintain the title of Tangible or Intangible Heritage of Humanity; revitalization of historic centres; projects to reinterpret and enhance the tourism value of indigenous and Afro-descendant culture, among others.

Table 7.1: Financing Mechanisms for Tourism

Participation and creation of impact investment funds



A mechanism by which CAF adds resources from other contributors or uses equity investment to join in ongoing processes.



Corporate financing

Through debt instruments such as bilateral, syndicated and A/B loans; revolving lines of credit for short-term working capital loans; guarantees and other instruments, such as factoring through a potential Special Purpose Vehicle (SPV) with other operating partners.



Syndicated or A/B loans through financial partners

Financial partners join forces to provide credit to the private sector, supporting the development of tourism complexes and the implementation of master plans, etc.

Partners can use this instrument to improve credit conditions for potential beneficiaries. The funds may be used for working capital or Capex, in the long term.



Shared guarantee schemes

CAF assumes a percentage of the risk with its financial counterpart. This scheme is used to provide guarantees to the sector's value chain, including companies in the transport, accommodation and cultural attractions sectors, microfinance institutions and SMEs, among others.



Structured Financing under Public-Private Partnership (PPP) schemes

Financing for projects under PPP or purely private schemes.

This mechanism is used to adapt and expand basic infrastructure and public services that support the development of sustainable tourism activities.

In this context, the emphasis will be placed on operations related to infrastructure and enabling services such as airports, roads, other ports, public transport systems, renewable or transitional energy generation, desalination plants, etc.

Likewise, investments aimed at maintaining and adding value to the region's cultural identity and heritage, such as handicraft centres, folklore, museums, etc., may also be financed.



Structured financing for the private sector

Financing for the construction and adaptation of tourism infrastructure, including accommodation.

Sustainable tourism bonds through financial partners

Guarantees for the issuance and purchase of sustainable tourism thematic bonds from a financial ally.

Loans for MSMEs through financial partners



Mechanism to channel CAF financing through first and second-tier banks, providing bilateral loans to close credit gaps and stabilize and boost MSME investment in the tourism sector.

This mechanism prioritizes working capital operations with favourable conditions (rates, terms and guarantees) to stimulate the rapid, inclusive growth of the sector.

Equity Investments



CAF invests in equity to support early-stage companies that do not have access to traditional financing and acts as a key pillar for innovation and investment in R&D and disruptive technologies.

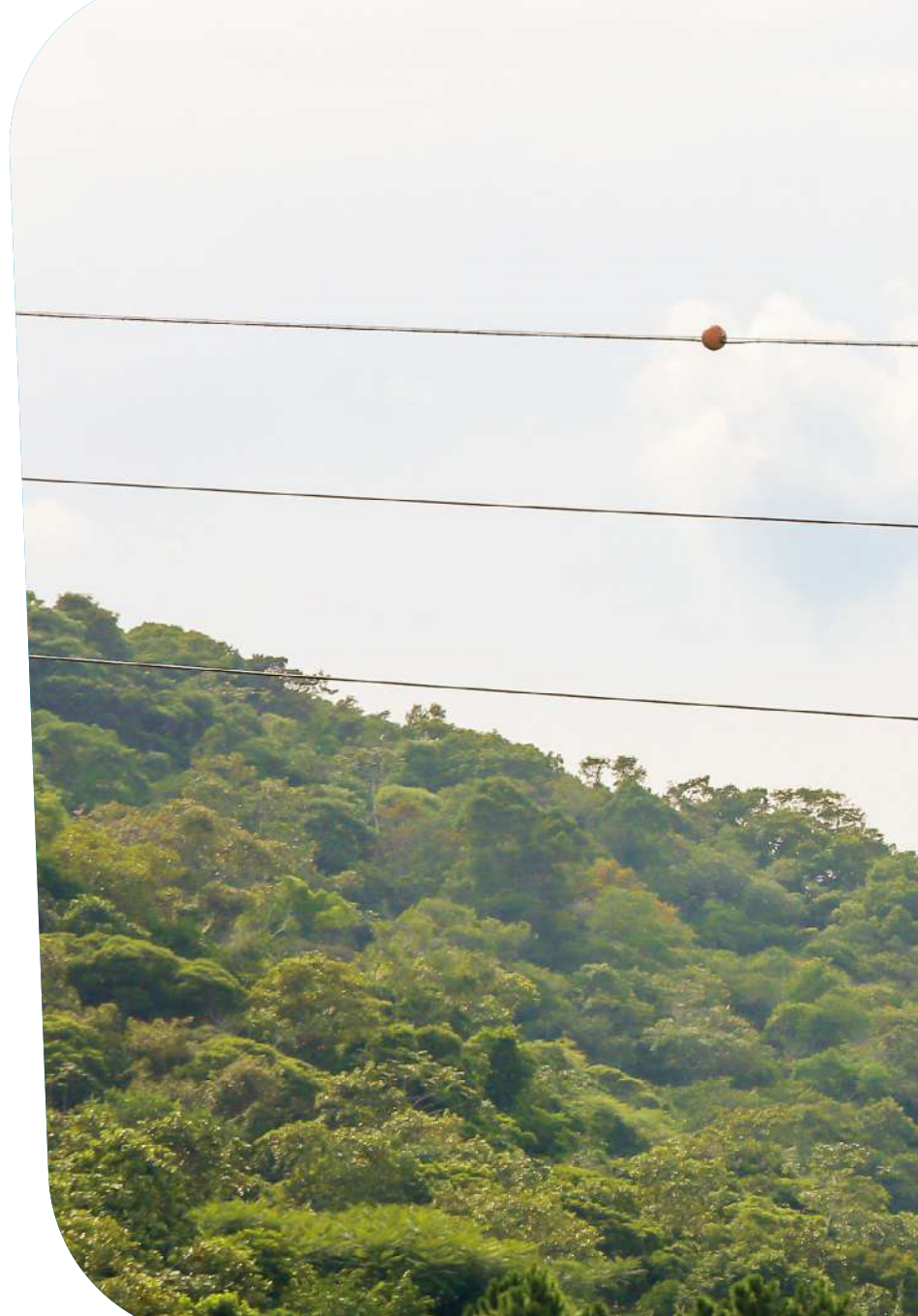
In addition, the Vice-Presidency for the Private Sector (VSP) may offer resources in the form of technical cooperation for studies to enable new business operations and improve the sustainability of operations eligible for funding.

The Federative Republic of Brazil has been a member of CAF since 1995 and has received financial and technical support from the bank to promote key sectors such as education, drinking water and sanitation, infrastructure, social and environmental development, and to strengthen SMEs. In the last five years, CAF has approved 83 credit operations worth more than USD 7,591.8 for the country's public and private sectors.

Specifically, CAF has provided financing for 11 subnational entities to boost the competitiveness of the tourism sector. Programmes of note include: the Tourism Development Programme for the West Coast of the state of Ceará, which focuses on employment generation, social inclusion in the territory and boosting its competitiveness (USD 112 million); the Programme for the revitalization of public spaces and road embankments in Manaus and Porto Alegre (USD 192 million); the Beach Village Programme – Fortaleza City with a Future, which seeks to boost the city's tourism potential and competitiveness, creating the conditions to improve the social and economic development of the population (USD 60 million); and the Salvador Redevelopment Programme, which seeks to strengthen the tourism structure and improve the quality of life of the population through economic and socio-environmental development actions, IT connectivity and urban infrastructure (USD 60.7 million).

CAF also contributes to other projects with technical cooperation resources and various actions linked to boosting tourism in the region, such as highlighting the appeal of the Afro-descendant culture, developed as part of the international promotion plan.

These are examples of the work that CAF has been developing in Brazil to make destinations greener, more inclusive, more creative, more innovative and better equipped.





Parque Unipraias, Balneário Camboriú, Santa Catarina



Catedral Santo Ângelo, São Miguel das Missões, Rio Grande do Sul

8

CONCLUSIONS

Brazil presents itself as an investment and tourism destination with strong growth potential, supported by a diverse economy and an advantageous geostrategic position in Latin America and the Caribbean. Its wealth of natural resources, the biodiversity of its biomes and its cultural variety create a favourable environment for the expansion of strategic sectors such as tourism and renewable energies. Its implementation of sustainability policies and its environmental conservation efforts reflect the country's commitment to a responsible, inclusive economic development model.

In this context, the National Tourism Plan 2024-2027 plays a vital role, establishing key guidelines to strengthen the country's tourism sector. The plan prioritizes infrastructure modernization, connectivity expansion and the promotion of less explored destinations, encouraging a more equitable distribution of the economic benefits throughout the territory. Through training initiatives, digitalization and development of tourism products, the plan seeks to boost domestic and international visitor flows, consolidating Brazil as a competitive destination in the global arena.

Despite economic and fiscal challenges, Brazil has taken important steps to simplify its tax regime and attract foreign direct investment. Tax reform and sectoral incentives create a more favourable, competitive environment for investors, positioning Brazil as a market with significant opportunities in infrastructure, innovation and tourism. This progress, together with the strategic efforts made in the field of tourism, confirm its potential to consolidate itself as a leading destination in South America, generating a positive, sustainable impact on national socioeconomic development.

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UN Tourism, a specialized agency of the United Nations, is the leading international organization with a key, decisive role in the promotion and development of responsible, sustainable and universally accessible tourism. It serves as a global forum for tourism policy issues and as a practical source of tourism know-how. It is composed of 160 countries, 6 associate members, 2 permanent observers and more than 500 affiliate members.

CAF is a development bank committed to supporting the countries of Latin America and the Caribbean and improving the quality of life in the region. Our work promotes sustainable development and regional integration. We serve the public and private sectors, providing multiple products and services to a broad client base of 22 member countries, private companies and financial institutions. As of February 2023, we have a Tourism Directorate and a Strategic Plan for Sustainable Tourism that aims to support, through financing and technical cooperation, the growth and consolidation of the region's tourism industry.



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