

INTERVIEW

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Special for *O Papel*

TRÊS LAGOAS DISCLOSURE



MAYOR OF TRÊS LAGOAS, MARCIA MOURA, PREPARES THE CITY FOR THE INDUSTRIAL GROWTH THAT'S EXPECTED OVER THE NEXT YEARS

Founded on June 15, 1915, Três Lagoas (MS) gained notoriety due to the exponential industrial growth registered over the last years. According to the Ministry of Labor and Employment (MTE), the latest edition of the Annual Report of Social Information (RAIS) shows that there were 178 industrial establishments active in 2002, while in 2013 this number increased to 426. Industry is the biggest employing segment in the city, accounting for 35% of all formal jobs in the municipality, which corresponds to 12,200 formal workers. The Services sector comes in second, with 26%, or 9,000 people employed. Then comes Trade with 17%, or 5,800 workers, Public Administration, with 12%, or 4,000 servants and agribusiness with 10%, or 3,400 formal employees.

According to data from the Brazilian Institute of Geography and Statistics (IBGE), Industry is also responsible for the greatest portion of wealth generated in the municipality, totaling R\$1.443 billion, or 48.4% of the municipality's GDP (2012). Três Lagoas already has the second biggest industrial GDP of Mato Grosso do Sul state, only losing to Campo Grande, which totaled R\$2.970 billion that same year. Considering the last five years with the data that's available (2008 to 2012), we see that the wealth generated by Industry in the municipality grew nominally at an average rate of 24% per year, registering the highest expansion among all economic segments that exist in the municipality.

At the helm of City Hall and in her second term, Marcia Moura (PMDB) sees these improvements with lots of optimism, not forgetting to emphasize that work has been very hard these past few years. "In 2010, I was the vice mayor of Simone Tebet, and became Mayor on March 31, when she stepped down to run for vice governor. It was a very difficult year: I was diagnosed

with breast cancer and then the city experienced its first windstorm, which had very damaging consequences. I reorganized the city, and since then many positive things have happened. I was reelected and I gave continuity to the work of giving the population a better quality of life," she says about her administration.

In terms of achievements, Marcia points out the construction of an airport and a sports complex in the city, fix up of a school in the urban part of the city and expansion of a school unit in the rural area, as well as inauguration of three healthcare units. Focusing on advancements in the educational area, the mayor also celebrates the arrival of the Curitiba-based Positivo education method, and the strong presence of Sistema S, composed of organizations created by the productive sectors. Even though the work executed has brought about a series of positive changes in the city, the healthcare and infrastructure sectors still require special attention from the mayor. In this month's Interview, Marcia talks about how she tackles the current problems of offering the support necessary for the city's sustainable growth, combining good investment return conditions for investors in the region with welcome and necessary benefits for the population.

O Papel – How do you evaluate the city's development over the last years?

Marcia Moura, Mayor of Três Lagoas – Três Lagoas is a city with points of transformation, always pursuing progress. The municipality, which in the past stood out for cattle raising, few public servants working for the Federal Highway Network, and was simply a city that people passed through, began to change after the installation of the Jupiá Hydroelectric Power Plant in the 1970s. Located on the Paraná River, the power plant was the first large civil construction project in Três Lagoas and it changed the entire context of the city. In the 1980s, studies were conducted to develop opportunities in the state of Mato Grosso do Sul. The state government, together with cities in the region,

offered a series of tax benefits to attract industries and, consequently, boost the number of jobs. With this study and the tax incentives being offered, Três Lagoas started to appear on the radar. We worked really hard to show the region's competitive advantages, showing the benefits of good geographic location and wealth we had, as well as an environment appropriate for doing business. The stages recently undergone by the city not only increased job opportunities, but also improved education through Sistema S, which is all over the city, and other professional training and qualification courses via different partnerships and that satisfy demands of entrepreneurs. We knew that by attracting new business ventures to the region, we would be able to offer a new quality of life to the population.

O Papel – Do you believe that tax incentives played a key role in attracting different industry players to the city? Are these tax incentives still practiced?

Marcia – Without a doubt, it was a significant factor. Without tax incentives, especially those offered by the state, we wouldn't be able to attract so many companies. Even today, when a company comes to the city looking to install itself, it will start up activities with a 67% excise tax (ICMS) exemption. This is the minimum value, but the state government is open to negotiations to reach even bigger discounts. In turn, the municipality donates the area and offers service tax (ISS) exemption during the construction phase. Property tax (IPTU) can also be deducted, according to the number of people employed and investment to be made by the industry. It is important to point out that logistics also plays an important role in attracting investors. In addition to the abundant energy we have in the region, we also offer different transportation modes, such as an 1,100 kilometer double-lane highway that connects Três Lagoas to Rio de Janeiro; proximity to broad-track railroads, such as the one in Aparecida do Taboado, and the Paraná-Tietê waterway, which constitutes another logistics alternative. Therefore, I would say that tax incentives, coupled with favorable logistics, made this new industrialization stage of the city become a reality in a short period of time.

Marcia Moura:
"We are the only city in the country that, in this moment of crisis, has investments amounting to R\$16 billion"

O Papel – How did Três Lagoas discover its forestry vocation? How did the pulp and paper sector arrive in the city?

Marcia – Investments in silviculture, particularly in eucalyptus tree plantations, began right after studies were conducted by the state government on ways to develop opportunities for cities in the region in the late 1980s. They discovered that the land here was very favorable for planting this species, even standing out for an average harvest age shorter than many other regions. In addition to this competitive advantage, companies in the sector found a lot of land area to purchase and lease in the region. Therefore, these vast land extensions also made our town be perceived with different eyes. Lastly, you can add to these qualities the City's readiness to optimize processes and allow entrepreneurs to resolve bureaucratic issues quickly. International Paper was the first in forestry investments. In the 1980s, the company decided to build a unit in Latin America and, for such, contracted a group of researchers to analyze several regions. Detailed studies showed that Três Lagoas was the town that concentrated the best result in terms of geographic location, logistics and adequate conditions for future expansions. Thus began the investment process in forests, reaching the massive forestry area we have today. It was the sign of new times for our city and region. The forestry sector is of significant importance for Três Lagoas. Billion in investments, which totaled more than R\$12 billion in the last years and the announcement of another R\$16 billion in the next few years, elevated the playing field and reach of industries in the city, also attracting new developments along the entire consumption chain and boosting local trade in general. The sector accounts for approximately 42% of service tax (ISS) revenues in our municipality.

O Papel – What is the importance of this industry for the city's growth? What increases were the most significant after companies in the sector were installed in Três Lagoas?

Marcia – Companies from the sector work closely with the City. They partner in all sorts of areas, including infrastructure, education, security and health. They cooperated, for example, with a R\$1.6 million investment, which we made with the state government, to install cameras all over the city with the objective of helping the Military Police protect the population. Pulp and paper companies contribute to two hospitals in the city and provide assistance to the Dengue Mosquito Monitoring Program. International Paper also conducts the Body Nature Project, which gathers 800 students at two municipal schools. This year, due to celebration of the municipality's 100th anniversary, Fibria helped build a walking path along the bigger lake. In turn, Eldorado helped

build the lake's little park. In summary, we have a series of projects that are supported through help from these companies.

O Papel – How important is Três Lagoas for Mato Grosso do Sul state?

Marcia – Today, we are the biggest city in the state in terms of exports, surpassing even the state capital, Campo Grande. Três Lagoas currently account for 50% of the state's industrial exports, with pulp and soybean meal being the two most exported items. Besides the municipality's merit, all this is due to teamwork. In parallel with the city's industrial growth, the Municipal Department of Economic Development conducts projects to strengthen trade and services. And growth perspectives are a reality. As a city with growing opportunities, we still have many niches to explore, especially in the services sector. Our work has focused on strengthening and organizing the city so that we can absorb this projected growth.

O Papel – What are the main challenges of your administration?

Marcia – The aspects that concern me the most are those related to infrastructure and healthcare demands. I need help in executing many of the projects necessary, including the complete asphaltting of the city. Of every R\$100 that residents pay in taxes, only R\$15 remains in the city, while the rest goes to the federal government and doesn't come back. However, it is important to point out that Três Lagoas is a city in frank expansion and investments in these two fronts cannot stop. I believe that it is necessary to think about today's development, but also development 50 years down the road. My objective is to leave the city well organized so that, in the long term, it follows a path of sustainable growth.

O Papel – What are your perspectives about the expansion projects already announced and initiated by Fibria and Eldorado?

Marcia – These investments are extremely positive for all parties involved. I dare to say that we are the only city in the country that, in this moment of crisis, has investments amounting to R\$16 billion, when adding values of pulp and paper companies and other segments. My expectation is to be able to offer the population hopes of growth, jobs, dignity, and a much better quality of life. At the same time, I need the City to give these industries the ideal conditions for their growth and provide positive returns. We need, for example, to build schools and nurseries to satisfy the community's needs, as well as expand leisure areas and increase security. There is a study that's revised and approved every four years for the city's sustainable growth. The city is focused on doing all these projects and providing this growth in a very careful manner. And companies in the sector will certainly help us in this evolution process. ■