

2024, July

Attracting investments in the Port of Suape, Pernambuco, Brazil

Project details

Project name..... Intelligence Package for Investment Attraction in the Port of Suape
 Location Recife, Pernambuco, Brazil
 Duration..... March 2024 – September 2024
 UNCTAD focal point..... Clovis Freire Junior, DITC, Commodities Branch
 Counterpart..... SENAI/PE and Port of Suape
 Mode of collaboration MoU between UNCTAD and SENAI/PE

Project description

The Industrial Complex at the Port of Suape is a key commercial hub for Pernambuco. Located in Cabo de Santo Agostinho within the Metropolitan Region of Recife, the area currently hosts over 80 operational companies, generating more than 20,000 jobs across 12 development hubs. Projections estimate that by 2030, the complex will create over 40,000 direct and indirect jobs, with investments totalling R\$ 23.66 billion.

To attract major national and international investors, UNCTAD, in collaboration with the Port of Suape and the National Service for Industrial Training in Pernambuco (SENAI/PE), launched a study on economic complexity centred in the Suape area. This is the first application of such a study to a port-industrial complex, aimed at providing market intelligence, fostering innovations, and attracting investments. The study will help existing companies in Suape better understand and leverage opportunities for innovation in their production chains, improving their reach into international markets. For Suape, it will provide information on attracting businesses that can complement the existing production chains in the complex.

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Complexo Industrial Portuário de Suape © SUAPE_JUNIOR GUAJIRO

The economic complexity methodology offers a deeper understanding of the specific characteristics of the port, assisting in planning and decision-making related to sustainable development and space management. The study involves data collection, analysis, and prospects for new investments, which will provide companies within the Suape Industrial Complex with valuable market intelligence.

Key activities include mapping industry potentials, identifying sectors and products that complement the existing production chain in the complex, and exploring opportunities for attracting international investments and new trade routes. This is expected to enhance the industrial development capacity of the Suape Industrial Complex, promoting diversification, adding value, and boosting exports.

Objectives and structure

The **project's objective** is to employ the economic complexity methodology as a strategic tool to identify and explore new investment opportunities in the Suape Industrial Port Complex. The goal is to attract national and international investments to develop new routes and markets from the port of Suape.

The **economic complexity methodology** will be used to identify sectors and products that complement the existing productive chain in the Suape Industrial Port Complex. This will take into account installed capacities and global trends to identify these new investment opportunities. The identification process will be based on an analysis using the method of reflections developed by Hidalgo and Hausmann (2009), with modifications proposed by Freire (2017).

This analysis will generate a list of products and sectors closely related to those already exported through the port, ensuring the port has the necessary infrastructure and capacity to expand to these activities. The final shortlisted sectors will be determined according to the priorities of the Port of Suape.



Complexo Industrial Portuário de Suape © SUAPE. Porto interior

The analysis will be conducted at both the municipality level and the firm level. To apply the methodology at the municipality level, export data from the State's Revenue Office in Pernambuco (Receita Federal em Pernambuco) and RAIS will be used, as needed. At the microeconomic level, field data collection is necessary to identify exported products, their HS codes, and the unit value of the existing companies in the port. The project comprises **three stages**:

1. **Field data collection.** This stage will involve research covering all relevant aspects of Suape, including mapping existing and emerging industries, identifying current activities, their growth potential, and interconnections with other areas of the economy.
 - 1.1. Preparation of questionnaire to gather data on companies, products exported, HS codes and unit value
 - 1.2. Conduct a pilot to validate the data collection process
 - 1.3. Training of the application team
 - 1.4. Application of the questionnaire to the firms in the Suape Industrial Port Complex
2. **Data analysis.** Based on the collected data, the economic complexity methodology will be applied to extract significant insights. The aim is to understand the underlying dynamics driving the economic development of Suape, identifying areas of strength and opportunity that can be leveraged to attract new investments.
 - 2.1. Application of the product space analysis methodology
 - 2.2. Application of the economic complexity analysis algorithm
 - 2.3. Compilation of a list of possible new products and markets
 - 2.4. Strategic analysis and prioritization of the list (Criteria will be defined by Suape)
 - 2.5. Compilation of the prioritized list of possible complementary products and markets for Suape



3. Investment strategy. Using the conclusions from the data analysis, tailored strategies to attract national and international investors will be developed. The focus will be on creating an investment-friendly environment, promoting the diversification of the local economy, and generating quality jobs.

- 3.1. Profile of potential industries
- 3.2. Possibilities of attracting international investments
- 3.3. Possible international routes and markets
- 3.4. Macro strategy modeling

The implementation of the project has been supported by weekly online meetings with SENAI counterparts and 2 consultants (proposed by UNCTAD and hired by SENAI), as well as ad-hoc communication at every stage of the project.

Expected Results

The study will provide companies already established in SUAPE with an in-depth understanding of innovation and expansion opportunities within their supply chains. This will include improvements in existing processes and the identification of new international markets for their products and services. For the Suape Complex, we expect the study to offer valuable insights on how to attract complementary businesses that further strengthen local supply chains. Additionally, we seek to optimize Suape's industrial development capacity, aligning it with principles of sustainability and innovation.

Delivery of Results

Upon completion of the research, the Suape Industrial Complex will receive a comprehensive document with detailed analyses and strategic recommendations for the region's economic development. Additionally, participating companies will receive a personalized report containing specific insights for each company, with protected confidential information.

Detailed activities

Stage 1. Field data collection

Activity	Tasks	Outcomes	Status
Questionnaire design to gather data on companies, products exported, HS codes and unit value (price per unit)	Questionnaire developed by SENAI, consultants (hired by SENAI on the recommendation from UNCTAD) and UNCTAD	Questionnaire covering all information needed for analysis	Complete
Pilot the questionnaire to validate the data collection process	Apply the questionnaire to 4 companies in the Suape Industrial Port Complex to refine and validate the data collection process and continue applying the questionnaire to other companies in the complex	In-person application of questionnaire in 4 companies, refined questionnaire based on process and information obtained	Complete
	UNCTAD and consultants' mission to Recife (18.03 and 22.03) for pilot and training of the application team	Team identified that follow-ups with companies were needed to determine price ranges	
Training of the application team	Train 15 people in Recife for the application of the questionnaire	15 trained people on the application of the questionnaire	Complete
	UNCTAD and consultants' mission to Recife (18.03 and 22.03) for pilot and training of the application team	Follow-up of respondent companies to determine price ranges (SENAI)	
Application of the questionnaire	Apply questionnaire in the 83 companies of the Suape Industrial Port Complex	25 companies have responded to the questionnaire	Complete
	Follow-up with companies to identify the price range needed for analysis	9 companies have identified price range information for their exported products	

Stage 2. Data analysis

Activity	Tasks	Outcomes	Status
Application of the product space analysis methodology	Apply product space analysis for the municipalities of Cabo de Santo Agostinho and Ipojuca, where the Port of Suape Industrial Complex is located, using revenue data at the municipal level	Separate and aggregate analysis of the top products and sectors with export potential based on municipality data from 2022 and 2023	Complete
	Apply product space analysis for respondent companies based on their reported product catalogue and price ranges	Individual analysis of the top products with export potential based on survey data from 2024	Complete
Application of the economic complexity analysis algorithm	Apply economic complexity analysis for the municipalities of Cabo de Santo Agostinho and Ipojuca, where the Port of Suape Industrial Complex is located, based on export data at the municipal level	Enhanced product list with added economic complexity value	Complete
		Compilation of a long list of possible new products and markets, incorporating the economic complexity dimension	Complete
	Apply economic complexity analysis for respondent companies and their reported product catalogue and price ranges	Enhanced product list with added economic complexity value	Complete
		Report for respondent firms outlining study results on product space and economic complexity	



Activity	Tasks	Outcomes	Status
Defining criteria for the prioritization of sectors (defined by Suape)	Shortlist possible new products and markets for the Industrial Complex, based on Suape's priorities after consultations. This includes considerations on trade routes, resource use, and employment goals.	Defined criteria for prioritization	
Strategic analysis to shortlist priority sectors	Refine the long list of possible new products and markets for the Suape Industrial Complex, based on Suape's priorities after consultations	Shortlist of possible new products and markets after consultations with Suape	
	Verification of list based on feasibility and inputs from consultants, SENAI and industry.	Final prioritized list of possible complementary products and markets for Suape after final consultations	
	These activities will be supported by UNCTAD's mission to Recife (22.07 and 26.07) for meetings with counterparts (SENAI, consultants and priority sectors) on the feasibility		

Stage 3. Strategy for Attracting New Ventures

Activity	Tasks	Outcomes	Status
Profile of potential industries	Develop detailed profiles of potential industries, identifying opportunities and obstacles for implementing or expanding operations in Suape	Comprehensive list of industry profiles, including information on market potential, operational challenges, and strategic recommendations for each industry	
Possibilities of attracting international investments	Analyze key factors and devise strategies to attract international investments to Suape	Report outlining potential international investment opportunities and strategic recommendations for effectively attracting these investments	
Possible international routes and markets	Research and identify potential international trade routes and markets accessible from Suape, considering logistical and market dynamics	Map and analysis of potential international trade routes and markets, highlighting logistical considerations, market potential, and strategic trade partners	
Macro strategy modeling	Develop a comprehensive macro-level strategic model to guide the long-term development and investment decisions for the Suape complex	Strategic document outlining long-term goals, investment priorities, actionable plans, and sustainable growth strategies for the Suape complex	

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