



BRAZILIAN COMPANIES GO INTERNATIONAL



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EL SISTEMA:
MUSIC AGAINST POVERTY

Towards the Pacific

**A highway from the
Brazilian Amazon
to the coast of Peru
paves the way for
more business
between both countries**

INTERVIEW

Lourdes Casanova, from
INSEAD: Brazil isn't
imposing itself globally

INTERNATIONALIZATION

Director reveals why Banco
do Brasil decided it was
time to venture abroad

DESIGN

Architect Maurício
Alves takes a touch
of Brazil to Vietnam

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Pacific in sight



Lilian: rich
discovery

Can a road change the world? In the case of the Interoceânica Sul, a hidden part of the former New World (the extreme Northeast of Brazil) is starting to show its face. A symbol of Latin America's integration and the result of a joint project involving 12 nations, the road will unite the continent's two coasts. For Meire Dantas de Araújo, a teacher from Assis Brasil (a small city on the border between Acre and Peru), the new road has slashed the time taken to travel to Brasileia (the region's commercial center) from 3 days to just 1 hour. For Brazilian farmers and merchants from the Amazon region and the Midwest, it will open the doors of the Andean markets. For Peruvians and Brazilians in general, the road will facilitate integration between isolated, cut-off Amazon regions in their own countries.

For the Brazilian companies taking part in the project, it is a chance to strengthen their presence in the neighboring countries – an almost obligatory stage in the trajectory of Brazilian multinationals. But above all else, a new dialog is being formed between Brazil and Peru. To understand the transformations in Peru and the impacts of the new road on trade relations between the two countries, our reporter Lilian Primi traveled a section of the road between the Andes and the Peruvian Amazon. The cover report of this edition features the result of this rich discovery.

We also unraveled the path traveled by Banco do Brasil to break away from a deep-rooted (200 years!) way of thinking, and to create the conditions to start its internationalization process. In the report, the backstage of this process is a master class for other Brazilian companies/businessmen also looking to expand their horizons.

On the other side of the world, a Brazilian is also giving classes. Living in the former Saigon, now known as Ho Chi Minh, the architect and design teacher Maurício Alves has seen the local Vietnamese population welcome his company with open arms. Today, he is already part of a country that, after years of war and a closed economy, is now celebrating its growth.

Many senior management Brazilian executives can be seen at the top of multinationals in a whole host of countries. It is a Brazilian way of managing, forged in the fires of combating hyperinflation and Brazil's speed and efficiency in surviving multiple crises. From Zurich, our reporter Suzana Camargo sheds light on who some of these executives are.

And finally, can a social project also be internationalized? El Sistema, a Venezuelan musical education program, shows that it can. The model that gave the world the Simon Bolivar Youth Orchestra and its phenomenal maestro Gustavo Dudamel (who recently toured Brazil) is already adopted in over 25 countries. Right here in Brazil, El Sistema is at the heart of the Neojibá program in Bahia. And it shows that a transformative idea can indeed conquer the world.

Nely Caixeta



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I AM A GLOBAL LATIN AMERICAN

Paloma Herrera. One of the premier ballet dancers of the new century. Dancing is by far the most important part of my life. It's been like this ever since I was a little girl growing up in Argentina. I was invited to join the American Ballet Theatre in New York in 1991 and, in less than four years, I'd already become a principal dancer. I've been named one of 30 artists most likely to change the world of culture during the next 30 years. And my continent is already changing the whole world. My name is Paloma Herrera. I'm a global Latin American. And Itaú is the global Latin American bank.

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Dear editors,

"I would like to congratulate **PIB** for its excellent report on the major scientific projects underway in Brazil, several of which in collaboration with other countries. Brazilian science is at the forefront and is already recognized for the quality of its achievements. The report is highly useful in the sense that it gives the general public information on this progress. However, I note that we still have a long way to go. Investments have to increase at both federal and state government level, and from the private sector. Unlike developed countries, Brazil still doesn't have any companies investing in science and technology. Innovation is perhaps the main challenge at the moment. And we are also suffering from another bottleneck: our universities are already having major difficulties in finding qualified people to expand their faculties. So, for what it's worth, here is my suggestion for another great **PIB** article: innovation and qualified, trained individuals.

LUIZ AGOSTINHO FERREIRA
SÃO CARLOS PHYSICS INSTITUTE
UNIVERSITY OF SÃO PAULO

"Over the last four and a half years I have worked as Brazil's Ambassador in Singapore, and have followed the progress of **PIB**. Please allow me to congratulate the entire team of **PIB** - Brazilian Companies Go International for the excellent quality of its editorial content and especially its objective, wide-ranging information, especially in the English edition (No. 13 of March/April 2011).

PAULO ALBERTO DA SILVEIRA SOARES
BRAZILIAN AMBASSADOR IN SINGAPORE

"I am studying business administration and I frequently read **PIB**, as my father always buys the magazine. I would like to congratulate you on the latest edition. The Loktal report is excellent, as I enjoyed seeing how a Brazilian company can fight for market share with Chinese and US companies. The text is very well written. I would also like to congratulate you for the Brazil's DNA article by Adriana Setti.

RENATO CARLOS DURVAL
SÃO PAULO



Brazil's internationalization process represents an unprecedented landmark in its economic history, signaling the structural transformations in the global economy and in the country's standard of development. The Brazilian Government's Department of Commercial Promotion and Investments congratulates **PIB** for its important work in helping to spread information and ideas that encourage Brazilian businessmen to make their mark in the international business arena. This initiative adds to our Department's efforts to support the internationalization of Brazilian companies through various actions by our Commercial Promotion and Investment Program Division.

MINISTER FÁBIO MENDES MARZANO
HEAD OF THE DIVISION OF COMMERCIAL
PROMOTION AND INVESTMENT PROGRAMS
BRAZILIAN MINISTRY OF FOREIGN AFFAIRS

"I really liked the "Chinese shortcut" report, published in the last edition of **PIB**, which shows that the paths to developing a career now lie on the other side of the world. If Europe is stuck in an unprecedented economic crisis and the US economy is constantly unstable, then I applaud the young Brazilian talents seeking new opportunities for work and professional and cultural development in China.

RODOLFO CARLOS BONVENTTI
SÃO CAETANO DO SUL (SÃO PAULO)

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NYSE

I AM A GLOBAL LATIN AMERICAN

Camilo Villegas. The South American golfer with three PGA Tour titles. I knew exactly what I wanted when I left Colombia almost 10 years ago: to become one of the best golfers in the game. What I didn't know is that my swing would actually take me far beyond that. I was named Golfer of the Decade in my country, which led to my joining the PGA Tour. I've come a long way, but I have even further to go. And I'm sure that, just like Latin America, I'm on the right course. My name is Camilo Villegas. I'm a global Latin American. And Itaú is the global Latin American bank.

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Guilt-free pleasure

Living in New York for 3 years, Fernanda Capobianco (30, from Rio) is gradually helping to revolutionize the eating habits of Americans, traditionally known for their excessive calories and junk food. In April 2010, Fernanda (who is also a board member of Healthy School Food, an organization focused on encouraging healthy food and eating at the city's public schools) launched Vegan Divas, a factory with 21 varieties of healthy treats including cookies, brownies, muffins and donuts. With no butter or milk and using only fresh and natural ingredients, the treats were an instant hit in the city. "I love candies, but I am vegan. Living in New York, I knew there was no quality in the market", recalls Fernanda, who got the idea from her husband – the renowned patisserie chef François Payard. If Fernanda is helping to debunk the idea that vegan food (which contains no products of animal origin) has no flavor, the success of the venture also shows that the world's most caloric country heartily welcomes healthy recipes. "The consumers are impressed. Oftentimes, they are against trying it, but when they do they love it", she says. The luxurious line of candies and desserts targets New York gourmet stores, luxury supermarkets and restaurants. The strong acceptance of the products led the company to expand production within a year of starting operations. "I looked for an investor (a conglomerate that owns the Dunkin Donuts stores in New York, in addition to another 35 companies), and I bought out my partner", she recalls. The kitchen has also expanded, and is now producing 200 donuts a day. Made from tofu and roasted (instead of fried), the new, healthy version of the classic donut was a hit from day one. Vegan Divas is now gearing up to make a big move: to enter one of the largest US supermarket chains, Whole Foods Market.



ROSA MUBARAK

1 Fernanda:
vegan treats
in New York

2 Selmi:
Brazil on US
store shelves



Missing home cooking? It's right here!

From the so-called “mercados da saudade”, where Brazilians can find typical Brazilian products in the US, to the store shelves of two of the main retail chains in Southern US. This was the path mapped out by the Brazilian food industry Selmi, owner of the Renata and Galo brands. In June, the company became a partner of the US supermarket chain Publix (1,300 stores) and Winn-dixie (1,000 points of sale spread across the Southern US). There you can buy readymade cakes, cornstarch cookies, cream crackers and cake mix, as well as little guavas. “Our products were bought by distributors and resold in these ‘mercados da saudade’”, says Ricardo Selmi, company president. “We are now investing to promote the brand and capture new consumers in the US”. Within a year he expects the investment to already yield returns. The initiative is part of the group’s project to ensure that within ten years 20% of revenues come from the external market (vs. 3% currently).



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HANDOUT



FECO HAMBURGER

Time to roll our sleeves up

Dudalina is one of the main shirt exporters in Latin America and accounts for 70% of Brazilian shirt exports. Today, around 3% of production (which averages 3.5 million shirts a year) is exported to Paraguay, Bolivia, Chile, Australia, Germany, the US and Uruguay. The plan is that by year-end exports will account for over 5% of revenue, and 15% in five years. The company has two offices abroad, one in Encarnación (Paraguay) and another in Santa Cruz de la Sierra (Bolivia).

Environmental fashion

With a degree in computing, the stylist Akihito Hira started producing tailor-made clothes two years ago, after moving from his hometown of Osvaldo Cruz (in the interior of São Paulo) to Brasília in 2001. The young stylist has just finished presenting his male fashion collection at the Colombiamoda event in Medellín (Colombia). "It is a unique opportunity to present truly Brazilian work to the international market", he says. "For me, it is an international window display. We want to establish partnerships with many countries." On the catwalk, 30 looks of his Botanist collection, inspired on the idea of environmental sustainability. "Today there is a lot of talk about the Brazilian identity and we are trying to incorporate this into our collections", he says.



HANDOUT

Productive science

If publication of articles can be considered a quality indicator, the University of São Paulo (USP) is doing very well. In a ranking that evaluated Ibero-American institutions between 2003 and 2008, USP published the most scientific texts in the period (37,952 in total, according to SCImago Institutions Rankings - SIR). Brazil also had the highest number of universities evaluated (109 out of 607). Unicamp, Unesp and UFRJ are also among the 10 most prolific.

THOMAS WOLFF/WWW.FOTO-TWIDE



1 Camisa Dudalina: style for export

2 Hira sketch: Colombia is the destination

3 Brandenburg Gate in Berlin

4 Suez Channel: Brazil cleaning up

3

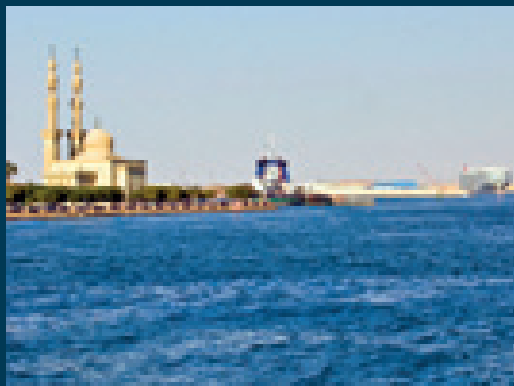
Primer

A special publication by the Ministry of Foreign Affairs and the Public Defender's Office promises to facilitate the lives of Brazilians living in Germany. They have just received the Primer of Legal Orientation for Brazilians Living Abroad, containing information and orientations. According to the Ministry, the work is the result of meetings with the community of 89,000 Brazilians living in the cities of Berlin, Munich,

Frankfurt and Hamburg. Brazilian authorities are concerned with the accusations of discrimination, injustice and difficulties (of all types) involving these Brazilians. Thus, the primer contains information on the prerequisites and steps that need to be taken in order to receive (free) help from the Brazilian Judiciary abroad. One of the cases treated in the primer is a step-to-step guide of how to act in foreign soil in divorce proceedings.

Clean waters in the Suez

A Brazilian technology is helping to reduce the environmental impact on Egypt. The Brazilian company Weg supplied six 865KW engines to the Egyptian company Orascom. The equipment, which has already been installed, doubled the capacity of the main sewage treatment station of the state of Ismailia (Northeast region) across the Suez channel. This is the first time that Weg has supplied equipment to the Egyptian Ministry of Housing, which contracted the project, and represents Weg's official entry into Egypt's water-sewage treatment segment.



HEBSTER/WIKIMEDIA COMMONS

4



HANDOUT

An orange way of doing things

To transform the consumption of orange juice into an attitude, the Brazilian Association of Citric Juice Exporters (CitrusBr) and ApexBrasil launched the international I Feel Orange campaign, which promotes, if you will, an orange lifestyle – positive, healthy and inspiring, in contrast to feeling blue. The campaign will use social media and the www.ifeelorange.com portal, with tips on how to have “an orange attitude”. The association identified that orange as a product has become somewhat old-fashioned. It is related to the breakfast that mothers used to make for their children. The aim is to breathe fresh life into the product and encourage consumption of oranges and orange juice around the world. According to the association, if Europeans start consuming 1-2% of what they used to and Americans 5%, it would be a party for the industry. Brazil is the main global exporter of orange juice, responsible for 50% of production and 85% of global trade.

Brazilian coffee receives iPad application

A tool developed by Brazil's Agricultural Ministry is helping to support agribusiness negotiations. The iPad application, available in Portuguese, Spanish and English at the App Store site, was introduced at the Specialty Coffee Association of America Trade Fair in April. The first 8 days saw 300 downloads in 30 countries. The application offers information from Brazil's six coffee producing states (Minas Gerais, Espírito Santo, São Paulo, Paraná, Rondônia and Bahia) and their main regions, as well as videos and a gallery of images of each location, of the planting, harvesting and other stages of the production process. Coffee represented 7.5% of Brazilian agribusiness exports in 2010, with revenue of US\$5.8bn.

Shrimp House by Vivenda

The Dominican Republic was the country chosen by the Vivenda do Camarão restaurant franchise to invest in its internationalization process. Opened in June, the Santo Domingo restaurant demanded a new name for the unit, which is now called Shrimp House by Vivenda do Camarão in its international expansion process. With a restaurant in Paraguay and another 125 throughout Brazil, the seafood restaurant processes over 2,000 tonnes of fish per month and makes 700,000 shrimp-based dishes a month. Vivenda do Camarão is one of the 20 franchises to set up shop outside Brazil in the last 2 years. Today, 69 Brazilian franchisees are present in 49 countries. Over the next 2 years, another 12 brands should go international, according to the Brazilian Franchising Association.



HANDOUT

2

1 Video promotes oranges abroad

2 Vivenda in its Dominican version

3 Handicraft: certification in sight

Model city

In June, the participative budget model of Recife (which enables the involvement of over 100,000 youths and adults in the city's political life) was recognized in Germany as the year's best example of democratic participation around the world by the Bertelsmann Foundation. The award, in the form of 150,000 Euros, was received by the mayor of Recife, João da Costa. Adopted by Recife in 2001, the participative budget divides the city into 18 micro-regions, with which the 1.6 million inhabitants can decide the most pressing matters. This example of social involvement competed with another 123 projects from 36 countries.

Handmade

Over the next few years, Brazilian handicraft, which has been attracting the attention of buyers abroad, should undergo a revolution. In addition to adding value to the product, the elaboration of a Brazilian Handicraft Certification Program should stimulate the vocation and commitment of craftsmen to quality principles and practices – increasing the competitiveness of handicraft sector companies. The program foresees the development of three classifications: the seal of a handmade product, which indicates that it was made by a Brazilian craftsman, is handmade and authentic; the denomination that it is a product typically made in a specific region of Brazil; and

the certification of quality. Alagoas has taken the lead. In partnership with Sebrae, the Alagoas state government has developed the “Alagoas à Mão – i.e. Handmade in Alagoas” certification for its craftsmen and is now working to make the Fiéis das Alagoas region a Geographical Indication. “The Mark of Quality helps the consumer identify that it is a good product. And when it comes to purchasing, the product bearing this seal has an advantage”, explains Vânia Amorim, special advisor of the State Planning and Economic Development Division (Seplande). This year, Brazil is expected to export US\$3.9mn in handicraft, involving 1,500 exporters.

3

Brazilian touch guarantees year-end bonuses at Marks & Spencer

Look at the photo. In the lingerie campaign adorning the entrance of the traditional British store chain Marks & Spencer, a poster with the Brazilian model Ana Beatriz Barros leaves no doubts: in the upper part, the bra costs 16 pounds. In the bottom part, for 6 pounds, a panties model was baptized "Brazilian". Sales of lingerie worn by Ana Beatriz, an ex-Victoria's Secret angel, were such a success that they ended up boosting the store chain's global revenues – which rose 3.2% in the second quarter of 2011. The man who profited most from this was CEO Marc Bolland. According to the Guardian newspaper, this performance helped placate a group of disgruntled stockholders who opposed the company's generous compensation policy and guaranteed, once again, Mr. Bolland's fat year-end bonus.





HANDOUT

M&S: what is it
about Brazilian
women?

Quick news

■ In June, Brazil adopted the Brazilian Accommodation Ranking System (SBClass), which ranks hotel and other such accommodations using a five-star ranking system.

■ According to a study published by Queen Mary University of London in May, the number of Latin Americans living in London has almost quadrupled in the last 10 years to 115,000.

■ A study by the France-Brazil Chamber of Commerce indicates the sectors that most attracted French investors in 2010: services, consumer goods and institutional.

■ International Institute of Social Sciences has created an extension course on International Contracts, with emphasis on Arbitrage, Distribution Contracts and the Vienna Convention.

■ At the start of July, Gisele Bündchen was the most consulted term in the consultation system of the Chinese news agency Xinhua.

■ The traditional King's Brazil Institute selects students interested in its new master's program: "Brazil in Global Perspective", specialized in the analysis of contemporary Brazil.

■ The European Commission has authorized Brazilian steelmaker Companhia Siderúrgica Nacional (CSN) to buy four Spanish and one German steel and cement production companies.

■ In July, Embraer started producing the first Phenom 100 jet in the US; the Melbourne assembly plant is part of the company's strategy to expand operations in the US.

HANDOUT
1

Ceramic tiles back on the attack

After a period of declining exports and focus on the domestic market, the Brazilian ceramic tiles industry is again looking abroad. To encourage dialog with international buyers, the first Brazil Ceramic Tiles Experience (BCTE) business round brought together 51 Brazilian producers and several US, Canadian and Mexican buyers at an event held in Florida in May. The US is the main buyer from the sector, which in 2010 exported to 128 countries (with total revenues of US\$265.4mn). For the event, Cerâmica Portinari exploited and emphasized the added value of its products. “We have products that are highly recognized as a hallmark of excellent design and quality, and that are just as good as Italian porcelain floor tiles – a global reference in ceramic tiles”, says the company’s commercial director, Paulo Benetton.

1 Ceramic tiles eyeing the US

2 Postal service: chance to internationalize

3 Tibúrcio Grings (e) opens Piccadilly in Miami



MARCELO CASAL JR/ABR

2

A multinational is born

A change in the 42-year old bylaws of Empresa Brasileira de Correios e Telégrafos (or ECT – Brazil's State-Run Postal Office) should provide a boost to the company's internationalization plans. As had already happened last year with Embrapa, the change was made via a Presidential Decree submitted to Congress by President Dilma Rousseff. With the new bylaws, ECT is free to increase its international operations by opening its own branches and offering services. Currently, packages sent abroad are handled by other companies via cooperation agreements. With the new format, ECT will be able to make direct deliveries abroad.

More than an inheritance

Speaking Portuguese is now all the rage. The recent upturn in international interest in Brazil's language and culture has increased the number of foreign Brazilian Portuguese students. Units of the Brazilian Teaching Abroad Network and cultural institutes sponsored by Brazil's Foreign Affairs Ministry received over 30,000 enrollments in 2010 in over 50 countries (11% higher than in 2009 and 20% higher than in 2008). And in June, the Brazilian government organized the first ever program to support and disseminate Portuguese (the so-called inherited language) classes to Brazilian descendants abroad. The course, free of charge, was targeted at Portuguese teachers living in the US. New classes should begin during the year.

Nice step in the right direction

Picadilly, one of Brazil's main footwear producers, opened a store in Miami's Dolphin Mall, one of the largest shopping malls in the city – this makes the US the fifth country to receive a Picadilly store, which overall has 7,000 points of sale in no less than 90 countries.



HANDOUT

3

A View from Capitol Hill

News from the US with a Brazilian slant

FLÁVIA CARBONARI



From Backyard to Powerful Neighbor

If Latin America was long regarded in Washington as the “US’ backyard”, Brazil now enjoys the status of good neighbor. In a recent report, the Council on Foreign Relations think tank was emphatic: it’s time to give Brazil its just deserts, not only as a regional power but as a global power that will be part of the small list of countries capable of defining international relations in the 21st century. The very title of the report “Global U.S.-Brazil Relations” stresses the need for a change of paradigm in relations between the two coun-



MARCELLO CASAL JR./ABR

tries, which should, according to the report, not only strengthen bilateral dialog but work together on global matters. The report recommends that US Congress eliminates the tariff on Brazilian ethanol, and that the US government endorses Brazil’s candidacy to become a permanent member of the UN Security Council. We also highlight the call for a cautious and unified approach in relation to China. The authors include Donna Hrinak, ex-US ambassador in Brazil, and James Wolfensohn, ex-president of the World Bank.

An eye on Brazil

The growing interest in investing in Brazil can be felt in Washington by the volume of work of the Brazil-US Business Council of the US Chamber of Commerce. The number of members has doubled since the end of 2009 and now stands at 100, including all the large US companies with a presence in Brazil, such as Apple, General Motors and Cargill. According to the executive director Steven Bipes, it is now the third largest business council of the US Chamber of Commerce (behind India and China) and certainly the fastest growing. The private organization aims to facilitate trade relations between the two countries, helping investors and influencing politicians. According to Bipes, Brazil is already a priority in the US, but the business community and Congress are still learning what it means to invest in the country. “Brazil is part of Latin America, but not that much”, he says. “Many of the challenges are the same, but the solutions are different – the culture is unique, it’s a different pace”.

Latin American art in evidence

At least something good comes out of the long, harsh winters of the Northern hemisphere: the arrival of spring and summer. It is an exciting time for cultural activities, and this year Latin American artists will be very well represented in the major US cities. In Washington, 240 young artists from 30 Latin American countries will depict social changes in Latin America in the About Change

exhibition, which is on display at the World Bank’s various buildings in the city. Artists from Brazil, Argentina, the Caribbean and Uruguay will take part in the first stage of the exhibition. In total, 561 works of art will be on display at the ambitious project, which lasts until July 2012 and will also be shown at the headquarters of the IDB and of the Organization of American States.



- | | | |
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| 1 Donna:
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ethanol
tariffs | 2 Painting
by Priscila
de Carvalho
(Curitiba) | 3 Viracopos
gets green
light to fly São
Paulo-Miami |
|--|--|--|

Strengthening Ties

The strengthening of ties between Brazil and US is starting to take off. To facilitate trade relations between the two countries, the US government has put two proposals on the table: to include the country in the “Global Entry” program, which facilitates the entry of visitors approved as “safe travelers”; and to create a “green lane” for goods (initially between the airports of Miami and Viracopos), which would provide clearance for products at the origin, putting an end to the red tape involved when the product reaches its final destination. The proposals will still need to go through negotiations between both governments, subject to a request for reciprocal rights (i.e. the entry of US citizens and goods into Brazil). And they are part of the long list of topics that the US plans to address when President Dilma Rousseff visits the country in the second half of the year.



3



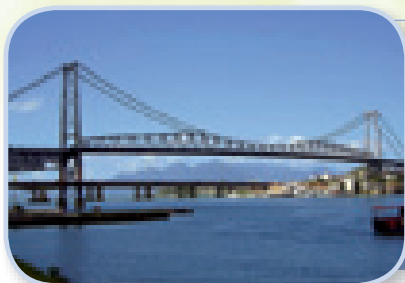
EL MUSEO/HANDOUT

2

Extraordinary times, extreme measures

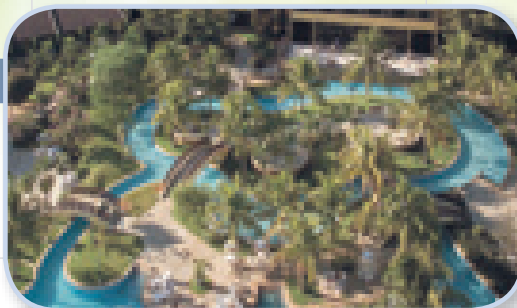
At its last meeting, the influential Latin American Financial Affairs Committee, which features prestigious Latin American economists, dedicated itself to discussing measures to avoid a bubble in Latin America. Proposing “unconventional measures for extraordinary times”, the committee suggested in its final declaration imposing explicit limits on growth in banks’ loan portfolios, among other matters. It also recommended that regulators from the region receive authorization to raise the liquidity requirements imposed on subsidiaries of foreign banks that are in financial trouble in their home countries. A precaution to reduce the risks of external contagion.

Blue Tree Hotels and Resorts



FLORIANÓPOLIS

LINS



MANAUS



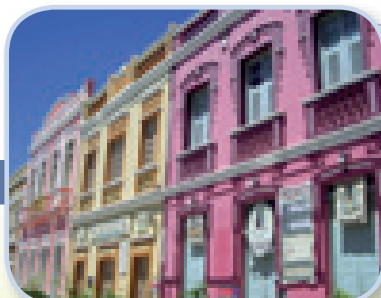
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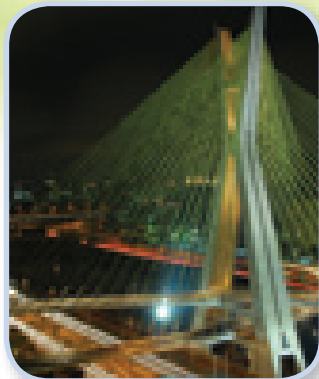
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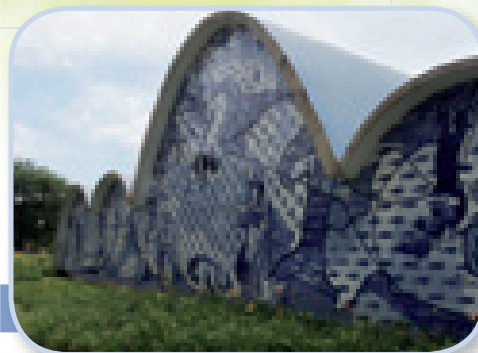
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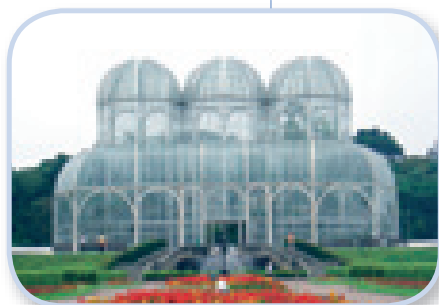
Here you are special... every way



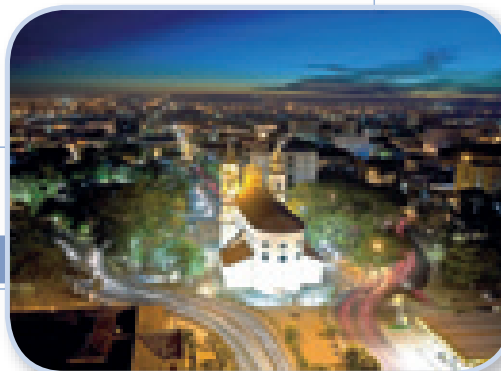
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BELO HORIZONTE



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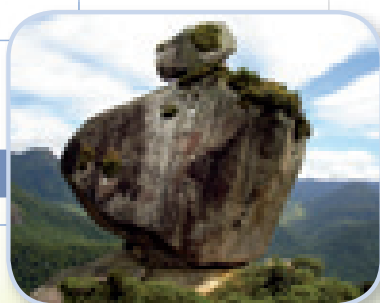
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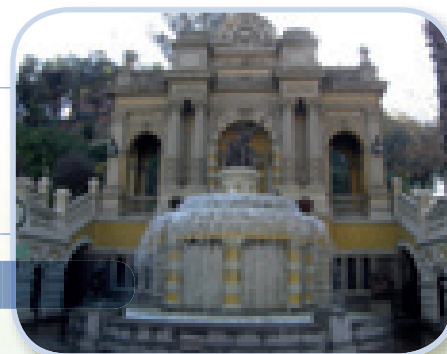
JOINVILLE



GOIÂNIA



MACAÉ



SANTIAGO - CHILE

Chameleon architecture

Having spent the past five years in Ho Chi Minh, in Vietnam, the Brazilian designer Maurício Alves is now seeing his architecture and design companies growing at a fast pace

ANDRESSA ROVANI

Better remembered by Brazilians for having kicked US troops out of its country 36 years ago, Vietnam has been attracting the world's attention thanks to its rapid economic development. In the shadow of its historic rival, China, the Southeast Asian country has implemented a strongly socialist market economy ever since the US, the old enemy, suspended the economic embargo in 1994 (imposed after the war defeat), and reestablished commercial ties in 2000. With a large part of its population of a young age (only 5.5% of the 90 million Vietnamese are over 65), the country has left behind the former division between the South (supported by the US) and the North (when it was supported by the then Soviet Union), and is now a magnet of prosperity and optimism.

Six years ago, when he received a proposal to work in this part of the world, the São Paulo architect Maurício Alves (38) would never have suspected he would end up in Vietnam. He even had a hard time finding the economic capital of



Maurício
on Saigon
Paper Chair:
ecological
appeal



HANDOUT

the country on the map, the city of Ho Chi Minh — the former Saigon, ex-capital of Southern Vietnam, which combated the communist regime in North Vietnam. He nevertheless accepted the invite. Having previously worked as a professor for a few months at the Raffles Design Institute in Singapore (where he had gone after replying to a job advertisement published in a São Paulo newspaper), Maurício accepted the challenge of leading the process of setting up a design department at the school's first unit in Vietnam in 2006. There, he discovered fertile land to grow. Vietnam, a country in the midst of a full-blown rural exodus and that was starting to experience a real estate boom, soon proved to be the right place for an international architect looking to develop his career. “When I started giving English lessons in Vietnam, I realized that the country would grow even more”, he recalls. The combination of his time working as a teacher and a market bereft of talents helped bring in the first demands for work, leading to the formation of a core group of teachers based at the school itself. With a team of other teachers and ex-students of the Raffles institute, Maurício had sufficient labor to start accepting the projects that came his way. His full devotion to classes gradually started to give way to the business side of his life. Two years after touching down in Vietnam, the company Gema Arquitetura was born. As at the institute, where the faculty hailed from different countries, Gema grew in multicultural fashion. “In the beginning, it was us and the Vietnamese”,

Architecture, urbanism, interiors and furniture: Gema does a little bit of everything

recalls Mauricio. But then an Australian woman arrived, who helped develop the atelier's graphic arts activities, and a French-Swiss man arrived who helped to structure the company's management. “What we frequently do is subcontract professionals and foreign companies to improve specific areas of the company”, explains Mauricio. Now, for example, two English teachers (a Canadian and an American) give classes to employees, while an English lawyer provides legal advisory services.

From their troubled past, the Vietnamese people have a list of “non-grata” nations, but they do not impose any restrictions on expatriates when it comes to day-to-day life. On the contrary, says Mauricio: the Vietnamese are very welcoming to foreigners and are friendly to Brazilians – in practice,

this friendliness mainly translates into curiosity, since Brazil is just as little known in Vietnam as Vietnam is in Brazil. With a population of almost 6 million in Ho Chi Minh and another 2.6 million inhabitants in Hanoi (the political capital of Vietnam) and economic growth of 7.2% p.a., Vietnam cannot afford to reject qualified workers. Foreigners are well received and Gema did not turn down job opportunities. This is reflected by the profile of the first three clients to visit the Gema offices when it opened up for business. The first client was a furniture industry, which ordered a line of residential products for export. The second client was a shopping mall store seeking an interior decorator, and the third client was an apartment owner in need of an architect. They were all Vietnamese clients.

Over the next four years, Gema received another 37 projects involving architecture, interior design and development of products and brands. These clients included





1 2

fashionable restaurants, stores, schools, and deluxe apartments and residential buildings. Today, around 70% of the projects are ordered by corporate clients. Most clients are Vietnamese, but Gema also receives orders from foreigners living in the country.

Installed in an ancient building built by French architects, the Gema studio caters to the eclectic demands and needs of a country whose market is still too incipient to meet demand for specialized services. When Valerie Gregori McKenzie, a Frenchwoman living in Vietnam for 12 years, sought out Maurício's services, she made one thing very clear: she wanted her future clothes store (called Song) to recreate an atmosphere reminiscent of the film "The Lover", by Jean-Jacques Annaud and based on the Marguerite Duras novel. She asked Maurício to recreate the forbidden passion of a young French woman for a Vietnamese man of Chinese origins in the 1930s in the decoration, which

gained overtones of a garconniere.

After pursuing the French style of colonial Cochichina, Maurício switched to Asian graphics. Hired by Sakae Sushi (from Singapore, with 40 stores worldwide) to design the chain's first unit in Vietnam in 2008, the designer used the idea of the Japanese mangas and cartoons, which adorned the walls of the restaurant. "We ended up becoming a chameleon, doing a whole bunch of different things", notes Maurício.

In parallel, Maurício and his team projected 255 Casa Lavanda luxury condos in the coastal city of Mui Ne. In an area of 150,000m2, with a hotel and services complex, Gema takes care of the architectural and urban development and oversees the construction of the real estate. After projecting spacious

beach houses, Gema worked on the interior design of a group of 670 apartments targeting Saigon's middle class. "I was thrilled to reach a large universe of people and to make their lives better", comments Mau-

ricio, in explaining that he recommended that the homebuilder resized the internal areas. "Here there is strong demand for apartments, but this doesn't mean that they are built with the design in mind" he says. "I had to explain that the windows needed

to have a comfortable size and that the kitchen requires a correct space", he recalls.

The profile of the real estate mar-

Each project incorporates a bit of the Brazilian style of mixing cultures

1 Maurício with a worker at Casa Lavanda...

2 ...and with team of designers at Gema studio



1

ket in Southeast Asia doesn't differ much from what we find in Brazilian cities. In general, new apartments range from 65m² to 200m², at an average cost of between US\$1,000 and US\$4,000 per square meter. But there, unlike in Brazil, garages give way to parking lots for motorbikes, which are an overwhelming presence in Brazil, and internal leisure areas aren't a focus of homebuilders.

Furniture by necessity

When working on interior design projects, Gema also came up against the same stumbling block. After the

project was ready, the client had difficulties finding a furniture supplier. From this need (and from identifying the opportunity) arose Pepper Design, a product creation company. "When we create a new project, we also end up making the furniture", he explains. "Between inspecting the execution of the work and doing it, we preferred to assemble a parallel team and create Pepper."

For Maurício, this represented a return to his roots. Despite his education as an architect from Universidade Mackenzie in 1997, his

previous career in Brazil had been molded on experiences with furniture design at companies such as Esfera and Etna (where he was head of creation) and Artefacto (where he helped coordinate the decoration displays). "At Pepper, I created a product line that blended everything which I had developed in my 15-year career", he explains. One of his most famous creations is



2

the Saigon Paper Chair, an armchair made out of paper with a collapsible structure and ten types of graphic design as finishing. The lightness of the product, the fact that it is easy to carry around and its ecological appeal attracted the attention of a US distributor, which is negotiating the right to sell the product in the US.

Together, Gema and Pepper currently have around 30 employees and are growing at an accelerated pace of 30% p.a. "It is a unique moment for the country, which was closed for many years after the war",

1 Gema projects: women's clothes store... 2 ...and sushi bar with manga comics adorning the walls 3 Students at design school: classes in English

defines Maurício. “It is a development boom on all sides.” The major challenge of the Brazilian company nowadays is to train and manage the local labor to be able to execute the projects. “It is a major problem. Here, a project takes much longer to be completed in São Paulo. Because of the war, the country has a generation that was burned, that was unable to receive an adequate



education”, he explains. This difficulty requires novel solutions. Some techniques cannot be used in the country due to the lack of trained people. This is the case, for example, of the structure of a home roof, which is generally made from metal or concrete in Vietnam, and not from wood as in Brazil. Thus, we have to rethink and adapt. At the same time, local creativity comes into play. The scaffolds, for example, are made from bamboo, even for the construction of buildings. “We learn from them and they learn from us.”

Expansion plans

Reversing course and expanding the business to Brazil is still a remote possibility. Maurício reckons that the next five years should be dedicated to expanding here in Vietnam itself. “A lot has changed since I left Brazil”, he says. “I see myself here, I am committed to my team and to the people that I chased after to join me here.” This is why expansion should first of all occur in the capital city of Hanoi, and the rest of the country. “We will grow across Vietnam. We have made numerous price quotes for Hanoi and we need to open an office in the city, which has just received a new urban master plan.” Afterwards, Southeast Asia will appear on our radar screen, especially Cambodia.

“In this part of the world, everything is very close”, explains Maurício. “From here to Phnom Penh (the capital of Cambodia), it is a 30-minute flight. To Bangkok, in Thailand, it is 60 minutes”. Brazil, in the meantime, can expect to see sporadic moves by the company, such as the technical consultancy services that Gema provided to Singapore Airlines’ offices in Guarulhos in 2010. “Brazil is very competitive”, he explains.

With the growth of Gema, it is increasingly easy to find Brazilian architecture and design in Saigon. In 1H11 alone, the company developed projects for four restaurants in the city. Each one of them has a little bit of Brazil, something which is already incorporated into each process and each project. “Gema has a Brazilian style of doing things. It is a power of adaptation, syncretism, accepting different things”, explains Maurício. “This is why, over these four years, we have become known by many people. But we still need to grow a lot more, sharing our Brazilian vision of the future and progress.” ■



3

LEARNING TO TEACH

THE EXPERIENCE of Maurício Alves as a design teacher at college in Brazil really helped him adapt to life in Southeast Asia. Maurício arrived there as a teacher, and in both Singapore (where there was a strong diversity of foreign students) and Vietnam (where students came from various parts of the country), the search for communication took center stage in the classes. “It is not easy for a teacher to teach in a second language (English, in this case)”, he says, while adding that “the solution was to convey my ideas as simply as possible”. To help in the teaching process, Maurício took Brazilian examples of architecture and design with him to classes. He even created an event in partnership with the University of Ho Chi Minh, as an invited teacher. The theme: 100 years of Oscar Niemeyer. “It was really cool”, he recalls. “It had a major repercussion, with a crowded classroom and everyone asking questions.”

Chinese steak

Brazilian meat exporters want to boost sales to the world's most coveted market

JANAÍNA SILVEIRA, PEKING

The name of the steakhouse is Casa Brasil, the manager is Brazilian and it is located in front of the Brazilian embassy in Peking. But the meat served on the spits is Australian. "There are very few Brazilian meat cuts in the Chinese market", explains the manager Helton Lima (from Ceará), who works at both Casa Brasil and the HC Import & Export trading company. It is the same story at other restaurants with Brazilian roots, such as Brazilian Churrascos (at the Crowne Plaza hotel, next to the Bird's Nest Olympic Stadium) and Latin Grillhouse, which is also run by Brazilians. You'll also have a hard time finding the 'Made in Brazil' seal in Peking supermarkets.

Brazilian meat exporters believe this situation can be turned around. In May, 12 meatpackers (including

Marfrig and Aurora) visited Shanghai, as part of a group organized by the Brazilian Agricultural Ministry, to take part in SIAL China 2011 – the biggest Chinese food product trade fair. When questioned, some meatpackers declined to discuss results. But according to the Brazilian Association of Meat Exporting

**Since Dilma
Roussef's visit
in April, Brazil
can now export
pork to China**

Industries (ABIEC), this was one of the first steps to make Brazilian beef better known in the Chinese market. It also served to check tastes and preferences and observe the behavior of Chinese consumers.

Brazil sold around 1,400 tonnes of beef to China in 2010, according to ABIEC. It is very little. The neighboring Hong Kong (city-state treated as a separate market) buys almost ten times more (in value). Australia produces half of the beef imported by the Chinese, with Uruguay and New Zealand sup-

plying most of the other half. The Brazilian product arrives in China with a high price due, among other things, to the long-distance freight cost. In the opinion of Esequiel Liuson, agricultural attaché of the Brazilian embassy in Peking, Brazilian exporters should focus on China's "A" class consumers, who have higher purchasing power. "Another good idea would be to sell vacuum-packed meats, showing the original meatpacker – thereby promoting the quality culture of the Brazilian product", says Liuson. "In the Chinese retail market, all the cuts look the same; so there is room to work on a different presentation format".

In the opinion of ABIEC, we are talking about a large potential market: 1.3 billion protein-bereft consumers with rising income. Studies indicate that the local cattle (of 105 million heads) is spread across numerous small properties (Brazil's cattle is almost twice as large). Industrial processing is restricted and suffers from a shortage of water and



agricultural products for feeding animals, and from degradation of pasture lands. To exploit this opportunity, the first necessary step is to increase the number of producers authorized to sell by Chinese authorities. At the moment, only eight Brazilian meatpackers have this authorization, while ABIEC says another nine are going through the necessary red tape to get the green light.

The arrival of pork

Beef exporters face a trickier task than producers of pork, which is much more popular in China. According to Scot Consultoria, annual beef consumption in China totals 4.1kg per inhabitant, much less than the 37kg per capita of pork meat. Brazilian exporters are only just getting started in this immense market, after export permits were granted to three Brazilian meatpackers by the Chinese government in April (during President Dilma Rousseff's trip to Peking). At the start of June, the

standards to obtain health certificates were agreed upon, and now there are just a few last steps to meet before the first lots can be shipped. "The important thing is to get started", says Pedro de Camargo Neto, president of the Brazilian Association of Pork Producers and Exporters (ABIEC). "We still don't have a reliable sales estimate". According to Neto, a new veterinary mission of leaders from Brazil's Agricultural Ministry will travel to Peking to try and obtain permits for more plants and guarantee authorization to export pork giblets – which were excluded from the measure announced in April.

Chicken giblets and parts (which include chicken feet, a gastronomic delight in China) are also the main Brazilian poultry export product. Since 2010, Brazil is now the main supplier of chicken feet to the

Chinese market. Joining the three fronts (poultry, pork, beef), we can expect Brazilian meats to become an ever-present feature in the smoke-filled food bowls of the Chinese population. And we can also expect to see local steakhouses offering a 100% authentic product to their local clients.

**Steakhouses
are the main
Brazilian
gastronomical
reference in
China**

Barbecue food is the main Brazilian gastronomical reference for the Chinese: feijoada, cheese bread, coffee and caipirinha aren't even close. But no self-respecting gaucho would recognize what is usually

served up as barbecue food at the Peking steakhouse chain Carnaval – which adopts the green and yellow colors of the Brazilian flag and explores Brazilian references, such as the name, but serves up a mockery of a spit containing thin strips of meats such as slices of ham (!) ■

interview

Lourdes Casanova



HANDOUT

Time to be brave

In the opinion of the INSEAD researcher, Brazil has excellent companies in some sectors, but they are still unable to impose their brand globally

NELY CAIXETA, ARMANDO MENDES AND BRUNO REIS

The Spanish researcher Lourdes Casanova devoted her time to studying Latin American multinationals when she realized, a few years ago, that they were pretty much unheard of in the academic and business world. A professor from INSEAD, the world-famous business and management school based in Fontainebleau (France), she is the author of the book “Global Latinas: Latin America’s Emerging Multinationals” (Palgrave, 2009). Last month, Lourdes left France to take part in a series of seminars in Singapore, home to INSEAD’s advanced campus in Asia. The region’s stunning growth impressed her, but she doesn’t believe this should be a reason of concern for countries such as Brazil. The best strategy for ‘getting along together’ is cooperating and trying to learn. And she

offers a piece of advice to Brazilian companies: there is no reason to fear internationalization. This is Brazil’s time in the sun and the country has to exploit this to the full. Below we include some excerpts from her interview, using Skype, with PIB.

There is very little research on Latin American and emerging market multinationals. What was the most interesting thing that you discovered about them?

I started studying this theme because I was giving classes in 1996, at the Haas School of Business (University of California in Berkeley), and there were no case studies on Latin American companies. They were completely unheard of. Today, we know that Latin American companies have started to internationalize their operations, often to compensate for the volatility in their own domestic

markets. The second reason is related to the greater ease in obtaining cheaper financing. Throughout Latin America, and even now in Brazil, financing is very expensive. For example, CEMEX (the Mexican cement company) started to finance its internationalization via its Spanish subsidiary, since it was the only way to obtain cheaper financing. The third point, and a very important one, is the learning curve. Companies frequently internationalize their operations in order to learn, and in the learning process they obtain a brand image. This was what happened in Asia, for example, with the famous acquisition by Chinese company Lenovo of IBM’s notebook line. Or with the Indian company Tata, which bought Rover in England.

Why have companies from countries such as Brazil and Mexico, which have

always been very inward-looking, started to overcome a certain fear of facing the global market?

I believe the decision to venture abroad came from the realization that attack is the best form of defense. Let's recall the 1990s. It seems a long time ago, but at that time the IMF and the World Bank rescued Latin America from its multiple crises. In return, they forced Latin American countries to open up their markets and to carry out major privatization programs. As a result, Latin American companies didn't have any other solution – the competition was arriving on their doorsteps. It was a case of saying “OK, now I have to be able to compete”. It will be the only way to survive. Now, we have to talk about two or maybe three Latin Americas. One is Brazil, another is Mexico and Central America, and the third is the rest of South America. Brazil now stands head and shoulders above the crowd. But it still needs an image, a brand.

The biggest Brazilian multinationals such as Petrobras, Vale and Votorantim emerged from the exploration of mineral resources. Is this Brazil's main differential?

Commodities-related companies are clearly important. But Petrobras also has a good technological image because of its deep-water (and now super-deep pre-salt) exploration activities. But I would like to talk about another two sectors. One is the financial sector. This sector in Brazil was the only one to survive the opening of markets in Latin America. In other countries, there is no local financial sector. We have Banorte, in Mexico, a bank in Argentina, one or two in Chile, but the banks dominating finances in Latin America are Santander, BBVA and Citi. Except, that is, in Brazil!

Why is that?

Because Brazil has large public and private banks. But I only know this because I have studied, I have written about Itaú, I have interviewed Roberto Setúbal, a great executive and banker. Which is better, Banco Itaú or Banco Santander? I don't know, it is difficult to compare them, but at my INSEAD classes in Fontainebleau, with 45 students, I asked those working in the financial sector and no-one had heard of Itaú. Banco Itaú, after the merger with Unibanco, is the world's 10th largest bank in market cap, but it is very local. The Brazilian financial

The Brazilian financial sector is an excellent one, but it still isn't well-known

sector is an excellent one – it uses the most sophisticated technology. When it comes to customer service... banks never offer a good client service, never! But, without question, taking into account the poor global service of banks, Brazilian banks are pretty good. But the problem is that few people outside Brazil know this.

How so?

A pending question for Brazilian companies is international projection. Spanish banks have been very aggressive and have been able, especially Santander, to create the image of one of the world's best banks. But Brazilian public-sector banks such as Banco do Brasil and Caixa Econômica Federal (Brazil's Fed-

eral Savings Bank), despite all their innovative moves to increase the population's access to banking services, the base of the pyramid, are launching products that could be exported worldwide, but few people have even heard of these products. Brazil has an outstanding financial sector. But it isn't well-known, it has no international projection.

Is it a lack of bravery? After going through the crisis, could Brazilian banks have exploited this moment better in order to fast-track their global presence?

Yes, and I am a big fan of Banco Itaú's campaign “I am a global Latin-American” – they copied my book *Global Latinas* (laughs). I believe this is a first step towards internationalization and I expect them to be successful because Itaú is an excellent bank. They are starting out a bit late. But better late than never.

What other Brazilian sector would you highlight?

The technology sector, which is also an excellent one because it enabled banks to adopt new technology, it gave the Brazilian government the option to adopt technology in collecting taxes, in the Brazilian voting system. But we are talking about very small companies at a global level. Indian companies are competing with (and in some cases defeating) their Brazilian counterparts due to the latter group's lack of internationalization. Stefanini, Totvs, all the mid-sized Brazilian companies have excellent technology, but who are they now facing competition from? From Tata Consultancy Services, which has set up shop in Brazil, offers cheaper prices and has enjoyed a successful internationalization experience for many years, and this is why they are tak-

ing share from Brazilian companies. So, Brazilian companies are lacking a bit of self-confidence, to say: we can compete and come out on top at international level.

But what could Brazilian technology companies do to make up for the lost time? What can they learn from their Asian competitors?

What the Indian companies did first was to adopt quality standards. They had no brand image in the US. So they started to use the CMM5 certification to acquire a very high quality standard and to better sell their products to US companies. Brazilians took a long time to worry about these quality standards.

And what will we see going forward? Will there be stronger competition between Brazilian and Asian companies or will we see some type of cooperation?

A combination of the two, probably. For Brazil and South America, China and Asia in general were a real bonus because they boosted demand for their products. Brazil enjoyed a honeymoon period with China until the other side of the coin showed its face – competition from the Chinese. They won't stop or disappear. Nor will the Indians. At the start of the 1990s, Vietnam became the world's second largest coffee producer, and they don't even drink coffee in Vietnam! They lowered their prices, which really hit Colombian coffee producers hard. Brazil will also suffer, because China is an unstoppable force. It is better to cooperate with them and learn, in order to progress to the next stage. And the competition isn't just with China. I traveled to Manila at the weekend and I saw their technological capabilities. Incredible, and we're talking about

90 million people in the Philippines and 230 million people in Indonesia. In the Philippines, a store seller works 12-13 hours per day to earn five dollars. That is terrible from an ethical point of view – a person can hardly live on that salary. But this is the new reality. Asia, it can't be stopped.

In your book you talk about innovation. Is that a weakness of Latin American countries?

After this book I carried out a study on innovation with the OECD (www.innovalatino.org), financed by the Telefónica Foundation. Lat-

Brazilian companies are lacking a bit of self confidence

in America and Brazil in particular rank very poorly in patents and investments in research and development. However, there is innovation in Brazil, and what we did in the book and in this study was to highlight the innovations that occurred in Latin America. Evidently, ethanol is a major Brazilian innovation, especially after the tragedy in Japan, which placed a huge question mark over nuclear energy. And there is all the work done by Embrapa in innovations adapted to the needs of Brazil, I don't need to repeat things that you already know. I also believe that FINEP is a major agency of innovation and that it is doing an excellent job.

Returning to multinational Latin American companies, in the conclusions to your book you cite different strategies by Mexican and Brazilian companies. What was the most successful and what failed in each case?

The Mexican model worked well for many years. Mexican multinationals expanded into Latin America and the US. But sometimes our fortresses become our weaknesses. And this was what happened in Mexico. Its dependence on US trade and investments became its Achilles heel. Now the US is still in crisis mode, and Mexico has suffered a lot. Brazil (and I think this was a much smarter move) diversified its trade with Latin America, Europe, Asia and Africa, which is a large emerging market. We tend to forget it, but it is growing strongly and is very important. I think the Brazilian model has been much more successful.

What still needs to be done?

Brazil needs to tackle two or three key themes: the first is what I would describe as 'internationalization without fear'. This is Brazil's time in the sun, it must exploit this moment; the second is the need for more innovation; and the third, related to all of this, is the brand image that it needs to construct. Look, I am from Barcelona. Spain is now in a terrible moment, but I always say when I go to Rio de Janeiro that Rio has to be Barcelona. Because Barcelona used the Olympics to transform both the city and the country, and we lived and enjoyed this for 20 years. I don't believe Brazilians should see Rio 2016 as an end, but rather as a beginning. It must be the start of a sustainable development that puts an end to the strong, abrupt and violent crises seen in Brazil in the last 30 years. ■

The Power of the System



BILL HOLSTINGER-ROBINSON

How the desire to transform the reality of Venezuelan children gave birth to a social project with global reach

ANDRESSA ROVANI

36 years ago, in a parking lot in Caracas, the maestro José Antonio Abreu brought together eleven children to play music. And he said: “With these instruments you will change the world”. That was how El Sistema arose, a musical education program that has revolutionized Venezuela’s social bases and is now spreading around the world. In Venezuela, the program caters to around 300,000 children and youths a year. Around 70% of those benefited live in poverty. Each child takes part in the

program for several years until being inserted into an orchestra. In the meantime, he/she develops a team spirit, self-esteem and cultivates ethical and aesthetic values.

The program created 157 youth and infant orchestras and 270 musical education centers spread across the country, which also produced its main exponent: the maestro Gustavo Dudamel (30), now musical director of the Los Angeles Phi-

“The program has produced 157 orchestras and 270 musical centers

lharmonic and the Simon Bolívar Youth Orchestra. “The most miserable and tragic aspect of poverty is not to have bread and milk; it is to feel like a nobody. And that is why the development of children in the orchestras and in choirs gives them dignity and converts them into a model for their family and community”, says Abreu.

The program and its founder have already received several



2 TATIANA GOLSMAN

1 Abreu, creator of the idea to use music to overcome poverty

2 Dudamel conducts Neojiba orchestra: fruit of the same idea

**The
program's
methodology
is adopted
in over 25
countries**

awards. El Sistema inspired the Organization of American States to promote the creation of the Youth Orchestra of the Americas. In 1995, UNESCO designated Abreu as a special delegate for developing a global system of orchestras and choirs, as a form of internationalizing the model.

Since then, the model has been disseminated. The program methodology has already been adopted in over 25 countries, creating El Sistema franchises. These countries include Australia, South Korea, Cuba, the US, Portugal and Brazil. Here in Brazil, for example, the model

was responsible for creating the bases of the Bahia State Nucleuses of Youth and Infant Orchestras (known as Neojiba).

The maestro Ricardo Castro (from Bahia) heard about the program in Venezuela in 2005. "I immediately felt the force that it had there. It is a solid and high-quality project", says Castro, who took the idea to the Bahia State Department of Culture, which resulted in the creation


of Neojiba in 2007. "I like to stress that I didn't invent anything: I simply put together in Bahia a project that worked in Venezuela." The meeting between creator and creators took place in June, when the Simon Bolívar Orchestra kicked

off its Latin American tour in Salvador. At the time, Dudamel conducted the 150 members of Neojiba, under the gaze of the Venezuelans and the great professor, José Antonio Abreu. ■

From the Atlantic to the Pacific

Interocean Highway links Brazil to Peru and paves the way for more business between the two countries

LILIAN PRIMI



The
Interocean
highway
climbs the
Peruvian
Andes

The opening, in 2006, of a bridge over Rio Acre, on the frontier with Peru, has opened the horizons of Assis Brasil, a small city from the state of Acre in the Amazon rainforest with just over 6,000 inhabitants. “Now I have lunch every day in Iñapari”, says Meire Dantas de Araujo, a teacher employed by the local city hall. “It is a luxury”. Iñapari is located on the Peruvian side of the river and has just over 4,000 inhabitants, who now have energy 24 hours a day and have seen local trade and retailing activity grow since the opening of the bridge. According to Itamaraty (Brazilian government), last year the Federal Police’s control station in Assis Brasil registered 50,000 crossings in both directions (vs. only 3,500 in 2006).

Everything will change again with the opening, expected shortly, of another bridge – this time over the Madre de Dios River, in the Peruvian city of Puerto Maldonado, just over 200km further down the tracks. The Billingham bridge, a metallic, elegant structure, is the missing piece to complete the South Interocean Road, a highway link between the Atlantic and Pacific oceans that crosses Brazil and Peru. It is a 30-year project that will finally take off, once the construction of the Peruvian stage of the highway is completed, with the participation of Brazilian companies. The new road starts out from Iñapari, close to the border, crosses the dense

Peruvian Amazon rainforest, cuts the Andean mountains, rising to almost 5,000 meters, and crosses a 500km desert before descending to the Pacific Coast and arriving at the Ports of Ilo, San Juan and Matarani, 1,400km later. “We can discover all the biomass of the planet on this road. It is a beautiful journey”, says Assis Brasil.

The highway is one of the signs of the major transformations that Peru is undergoing. Brazilian companies, which have invested over US\$7bn there in the last five years, are helping to design the country’s new profile (see chart on page x). The construction companies Odebrecht, Andrade Gutierrez, Camargo Correa and Queiroz Galvão constructed three of the five sections of the Peruvian stage of the Interocean road, as well as another two roads in the interior of the country. Odebrecht and Camargo Correa are also involved in two other projects to deviate the riverbed via tunnels crossing the Andes. The objective is to take water to arid regions; the first in Olmos and the second in Piura, both to the north of Lima. Camargo Correa is also working on the construction of a water treatment system that will supply the capital city of Lima. In the area of mining, steel and oil, the Brazilian multinationals Vale, Votorantim, Gerdau and Petrobras are investing heavily. More recently, the consumption and services sector, which were already supplied by Ambev and cosmetics company Natura,

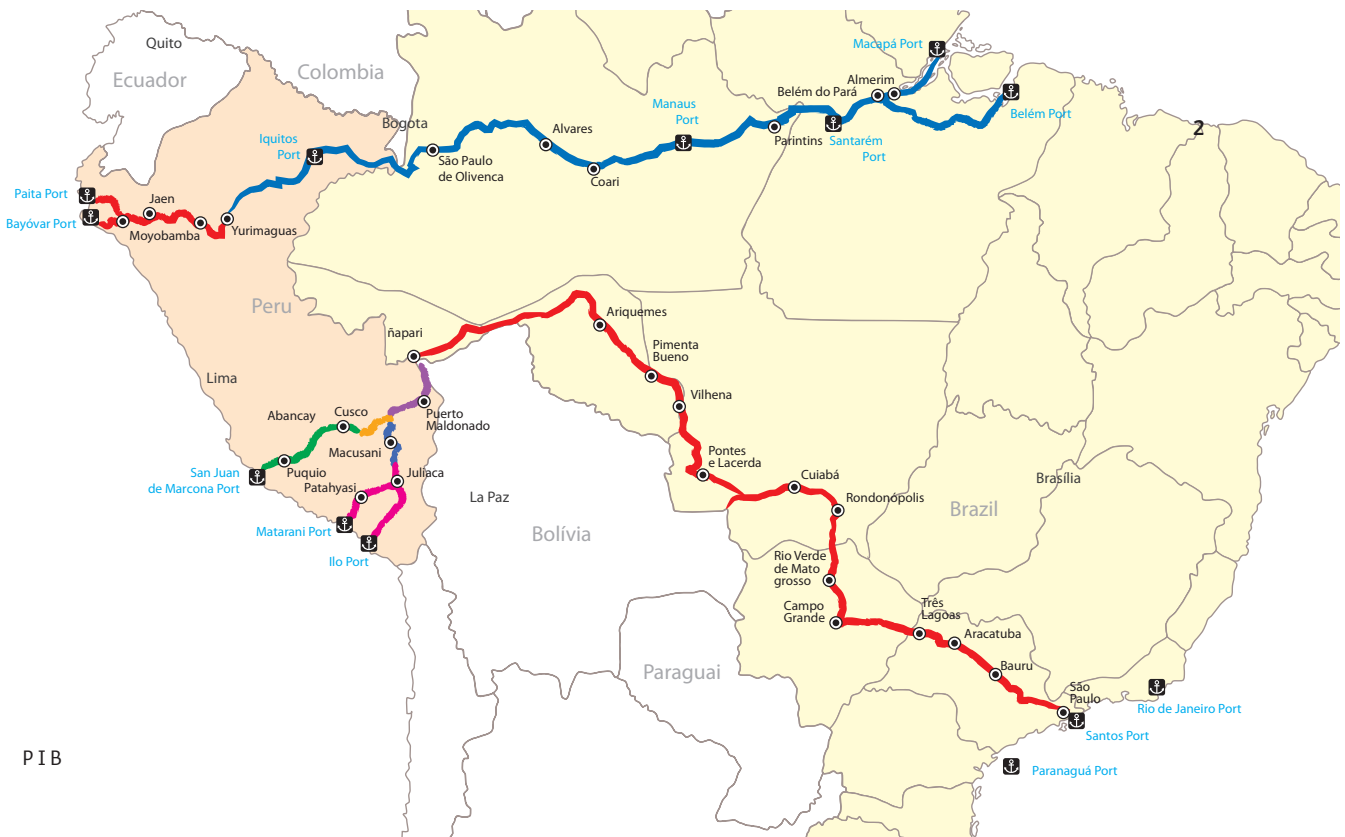
was reinforced by the arrival of IT company Totvs.

The reason for all this interest lies in the rebirth that the Peruvian economy is experiencing. Reconstructed from the trauma of the Sendero Luminoso guerrilla warfare, Peru has been growing at rates of over 5% since 2004. In 2010, Peruvian GDP rose 8%. And Peru's GDP is expected to grow another 6.5% this year. Under the protection of a friendly regulatory framework, low taxes (tax burden of 14.5% of GDP in 2010) and a favorable business environment, Peru currently divides with Brazil and Colombia the attentions of international investors in Latin America. In 2009, foreign direct investment (FDI) in the country grew 28.1%, the third best performance in the world according to UNCTAD.

The Peruvian economy has been growing at over 5% p.a. since 2004

The stock of FDI in Peru totaled US\$20.7bn in 2010, US\$1.3bn more than in the previous year. According to UNCTAD, Brazil is the fifth largest investor in Brazil, with a total of US\$1.207bn last year, behind Spain, the US, South Africa and Chile.

The Peruvian embassy in Brazil works with even better numbers. The Ambassador Ricardo Ghibellini guarantees that in the last two years the share of Brazil doubled, mainly due to investments by Vale and Votorantim. If new investment intentions are confirmed, this FDI stock should rise further. The petrochemical company Braskem is assessing, together with PetroPeru and Petrobrás, the possibilities of an integrated ethylene and polyethylene production project using natural gas – a US\$2bn business.





1 The road
close to Cuzco:
at the bottom,
the Andes

2 North and
South branches
of IIRSA: crossing
the continent

a generally favorable environment. The Brazilian companies mainly employ local workers; on average, 80% of the direct or indirect jobs created by them are occupied by Peruvian employees. The economics professor of Pontificia Universidade Católica do Peru (PUCP), Alan Fairlie, says that these employees prefer Brazilian bosses to anyone else. “In the area of mining, for example, there were many conflicts between Peruvian workers and Mexican, Chinese and US bosses, but no conflicts with Brazilians”, he says.

The reason, says Fairlie, lies in the working conditions offered by Brazilian companies: they follow the standards used in Brazil, which in general go beyond the demands of Peruvian labor laws, which were eased strongly by Fujimori. Natura, for example, offers the same package of benefits given to Brazilians to its 283 Peruvian employees, who represent 99% of the subsidiary’s total headcount. “We also have a social program called Believe in order to See, for training teachers”, says the general manager of the company in Peru, Daniel Gonzaga. The program has already trained 177 teachers.

Odebrecht is another company that invests in training. The topic is part of the company’s sustainability policy, which makes socio-economic diagnoses to identify the local potentialities and support development programs. In 2010, the company invested over US\$3mn

With 32 years of operations in Peru, Odebrecht has already invested US\$30bn in the country and plans to invest a further US\$5bn over the next few years. Of this total, US\$2bn will be used to build a gas pipeline in the Andean region of Puno, on the banks of Great Lake Titicaca. It is the so-called Kuntur Project. “Jorge Barata, our president, says the order of the day is to hire more employees than we need at the moment and train them up, to prepare for the future”, says director of investments, Eleuberto Antonio Matorelli.

At a moment of rising commodities prices in international markets, the natural resources of Peru, abundant and underexplored, are attracting the attention of investors. A survey by Ariel Pares, sub-secretary of

Strategic Actions of the Secretariat of Strategic Affairs of the Presidency, shows that the neighboring country uses only 6% of its hydroelectric potential. This percentage could grow if the energy agreement signed last year, to build five hydroelectric plants, is approved by Peru’s Congress. The project, which should require capital injections of US\$10-12bn, is the responsibility of Eletrobras.

Even if some more nationalistic political sectors express concern over the weight that Brazilian investments have been gaining in the Peruvian economy, these investments seem to be facing

**Brazil
could
become
the third
largest
investor in Peru**

in social programs, which benefited around 25,000 Peruvians. The economist Sandra Polónia Rios, president of the Center of Studies of Integration and Development (Cindes), de-

SERGIO URDAY LARREA - HANDOUT ODEBRECHT

tails some reasons for the good image of Brazilian companies in Peru. “Most of the companies operate in regions that are far from the large centers – home to the majority of the 36% of the population living below the poverty line”, he says. “They demand from companies what the State doesn’t do”.

More recently, the construction projects of the hydroelectric plants have been facing resistance from part of the local population. Fairlie believes that the new president Ollanta Humala, elected in June 2010 as a candidate from a left-wing coalition, will support the construction of the plants, though with some modifications in the project. Conflicts are part of the business, says the director of International Relations and Foreign Trade of Fiesp (São Paulo State Industry Federation), Thomaz Zanotto. “Nowadays you cannot develop a large-size project, such as the construction of hydroelectric plants, without negotiating the environmental question”, he states. “This will happen and it will be faced responsibly by the companies”.

Linked to the left-wing populism and with a past of extreme positions, Humala will have to start showing results quickly. News of his victory led to a strong decline in the country’s stock markets, reflecting the distrust of market sectors. However, the ambassador Sergio Amaral, director of the Center of American Studies of FAAP (Armando Álvares Penteado Foundation), doesn’t believe that Brazilian companies are running any risk. “He has given signs that he would adopt a more moderate position and that he

would distance himself from (Hugo) Chávez, representative of one of the two Latin American left-wing governments”, he states. The other case is that of Lula and Dilma Rousseff in Brazil. “He can already compare the result of the two paths”, rounds off Amaral. “He will certainly lean over towards moderation”.

This is the belief of Marcos Stefanini, founder and president of Stefanini IT Solutions, a Brazilian IT company that opened a subsidiary in Lima in 2001. Stefanini says she wasn’t concerned with assessing the political risk of investing in Peru because she has a longer-term vision. “I didn’t even stop much to elaborate”, she told PIB on the day after Humala’s election. “We’ve already been through other elections and we are used to changes”. In addition to the strong growth, what led the company to invest in Peru is the fact that the country is home to the main multinationals with operations in the Andean region. Stefanini currently has 32 active contracts in Peru, with mid-sized and large companies.

We are looking at an example of diversification in foreign direct investments in the country, initially concentrated in the exploration of ores. “The suppliers came first and, now, with the roads almost ready, we are starting to see retail, services and hotel companies”, says Fairlie, from PUC-Peru. More infrastructure works and economic growth are reinforcing this trend, which has effects in Brazil. “The countries from South America function as a doorway for the internationalization process of mid-sized Brazilian companies”, says Sandra Rios, from Cin-

des. “These companies are not very affected by political changes and don’t arouse sensitivity in relation to environmental questions; they are seen as companies that meet their obligations”. At the end of August, around 40 businessmen from the sectors of machines and equipment, home and construction, fashion and health will go to Lima to prospect new businesses. They are part of the mission organized by the Brazilian Trade Ministry, Itamaraty and Apex-Brasil to promote business rounds in the Peruvian capital, in Bogotá and Santiago do Chile.

One example is Artecola, a glue/adhesives company operating in Peru since 2007. With 67 years of operations, the Rio Grande do Sul company initiated its internationalization process in Argentina back in 1997. It arrived in Peru in 2003, with a commercial and distribution operation. “The cost became prohibitive, and in 2007 we decided to buy a local company”, recalls the executive director for Latin America, Lisiane Kunst Bohnen. Plan B involved shutting down operations in the country and in Chile. “Luckily, we found a company with units in both countries and in Argentina, where we would like to expand the plant”, says the director. Today, Artecola employs 45 workers in Peru and is the third largest player in the local market. Totvs, an IT company based in São Paulo, also went to Peru in search of the opportunities created by growth. It chose the franchise system as its Sales model. “We opened the franchise three months ago”, recalls the executive director of the company’s international operations, Cláudio Bessa. Totvs creates software for business management. It is the largest IT company in Latin America, with revenue of R\$1.6bn.

The South Interocean Road may

**Investments
in Peru
are more
varied and
not limited
to mining**



capacity of 700,000 tonnes of cement per year. Total investment: US\$150mn.



Total value of the contracts – US\$900mn: The main projects include Huachipa, a water supply system for 1.5 million inhabitants from Lima, the Alto Piura project, which involves the deviation and flooding of a river via the Andes Ridge, through a 13.3km tunnel and building section 4 of the Intercocean Highway, in consortium with Andrade Gutierrez and Queiroz Galvão.

HANDOUT VOTORANTIM

THE MAIN BRAZILIAN ACHIEVEMENTS IN PERU



VALE Exploring the Bayóvar phosphate mine, in the North of the country, where it invested US\$566mn.



PETROBRAS **Energía Peru:** The company has been operating in the areas of oil prospecting and production since 1996. Last year, it discovered an important gas reserve in the region of Cuzco. The investments totaled US\$520mn in the last three years



ACO PARA INDÚSTRIA **GERDAU** Invested US\$63mn in the purchase and modernization of Siderperú, in Chimbote, capital of the Province of Santa, on the country's coast

ODEBRECHT **Peru:** Third largest constructor in Peru; in 32 years of operations in the country it has accumulated a project portfolio of US\$30bn, making Peru the #3 country in terms of investments received from the group, trailing

only Venezuela and Angola. Main projects: construction of ports, hydroelectric plants, highways (in the ambit of the IIRSA Norte and IIRSA Sul initiative), river flooding to irrigate desert area in Olmos, in the Northwest of the country and implementation of the Lima electrical train. Over the next few years, it plans to invest over US\$5bn in new projects, including the Southern Andean - Kuntur gas transport system.



Votorantim | **Metais** Invested US\$500mn in the purchase and modernization of the Cajamarquilla plant, which refines zinc and metallic indium (metal used to make crystal screens).



Votorantim **cement:** In partnership with companies from Chile, Peru and Spain, in 2012 it will start to operate a plant in Pachacamac, 40km from Lima, with production



Opened its Peruvian subsidiary in 2004 with the creation of a beer and soft drink plant with current annual production capacity of 110.5 million liters of beer and 630 million liters of soft drinks



Is studying the feasibility of an integrated ethylene and polyethylene production project using natural gas. This project still depends on the determining of the volume of gas reserves in the Camisea region prospected by Petrobras. The scheduled investment is US\$2bn.



Plans to construct five hydroelectric plants in the country, totaling 6,000 megawatts of capacity. The hydroelectric energy usage inventory of the Inambari plant, with around 2000 megawatts, should be concluded by 2011. The other plants are: Tambo 40, Tambo 60, Mainique and Paquitzpango. The investment, yet to be confirmed, is estimated at US\$12bn.



HANDOUT STEFANINI

not have a direct impact on some of the Brazilian companies with businesses in Peru. Similarly, there are doubts on the logistical and economic feasibility of the road for transporting commodities, both Brazilian (via the Pacific) and, in the other direction, Peruvian, via the Atlantic (see chart). But it certainly creates new integration possibili-

ties for regions previously doomed to isolation in both countries. Just as Peru's coast had its back to the Amazon region of Madre de Dios, hidden by the Andes, Brazil has its back to Acre, a state that is still difficult to reach even today.

"It isn't easy transporting products from Acre to domestic markets, even in the North and Northeast re-

gions", says the Executive Secretary of the National Export Processing Zone Council, Gustavo Saboia Fontenele e Silva. "The route includes seaborne sections and traveling through very rainy areas, while the BR 364 highway is still un-crossable during the rainy season". With the opening of the Peruvian stage of the Interocean road, the region of Madre

WHO PROFITS FROM THE NEW HIGHWAY

IF THE NEW ROAD AND ITS BRIDGES reduced travel times in the border region between Brazil and Peru, for Brazilian farmers and businessmen the expected effect is much greater: in theory, the road will facilitate the transport of Brazilian products via Pacific Ocean ports to the markets in the north region of South America, Central America, Asia and the US west coast. From Santos, on Brazil's Southeast coast, to Assis Brasil, on the border with Peru, it is almost 3,900 kilometers. From Iñapari,

on the Peruvian side, to the Pacific, in the Port of San Juan, another 1,400km. In the Brazilian section, the path for those leaving Peru is the BR 364, which is 100% asphalt but still tough to travel due to holes and rain. A bridge also needs to be built – the crossing from Rio Madeira in Porto Velho is still done by ferry boat.

The bridge, according to the Undersecretary of the Meridional America Division III of the Brazilian government, Comarci Nunes Filho, already has a project ready. There

is also a plan to duplicate the road, expected to start in September. A truck would take 10 days to go coast to coast, traveling an average of 10 hours per day (while a ship could take up to 30 days to sail from Santos to Lima, navigating the treacherous Magellan Straight, on the extreme South of the continent, or crossing the Panama Channel). Adding up all the gains, we should see a major reduction in the time taken to travel to Asia, a key destination for Brazilian commodities, which could be an advantage

1.Stefanini with Peruvians: not worried about the political side

2 Interocéanica highway runs through the jungle

de Dios will be linked to the rest of Peru, a benefit also extended to the neighboring Acre, which receives a market for its products – and, perhaps, more competitive suppliers than the distant Brazilian ones.

The Zones are being implemented by the Brazilian Trade Ministry in several parts of the country. One of them is in the city of Senador Guimard, 40km from Rio Branco. “The South Intercean road will be the exit route for the products made in this Zone, obliged by law to export 80% of its production”, he says. The tender invitation for interested investors has already been sent out, and Fontenele e Silva expects the first companies to already be operating in the Zone by the first quarter of 2012. “As per the local job professions, they should mainly be latex, wood and cashew nut processing industries.”

The road may also enable the transport of meat produced in Acre via the Pacific ocean ports. Small and mid-sized Brazilian companies are starting to invest in the Madre de Dios region. Corn producers from Mato Grosso are supplying the communities from the Peruvian jungle, and Expresso Araçatuba, a São Paulo transportation company, transports engines of motorcycles – the most used means of transport in the small Amazon cities. They are signs of the

changes that the road could have in its area of influence, perhaps much greater than initially imagined. “It goes all the way to the west of the Brazilian Amazon, passes through Rondônia and Roraima and goes down to Mato Grosso”, says Fontenele e Silva. “These regions will be unrecognizable in five years time”.

for grain and meat exports. According to data compiled by Brazil’s Agricultural Ministry, these products mainly leave via the ports of Santos and Paranaguá (84% of grains and 72% of meat).

But it is still impossible to obtain precise estimates on the advantages of the Intercean highway as an export corridor for the Pacific. Technical feasibility studies for transport-

ing grains via Peruvian ports are not yet conclusive. In the assessment of Ministry representatives, the completion of the highway should boost commercial interchange in the

region, investments between the two countries and tourism flows, with positive effects for the improvement in the quality of life of the populations and regional development.

SEGIO URDAY LARREA- HANDOUT ODEBRECHT



2

Bridge over
the Madre de
Dios River:
final link

From the Andes to the Amazon

Highway cuts through jungle and mountain ridge to link remote regions of Brazil and Peru

LILIAN PRIMI, PUERTO MALDONADO

Covered in dust from all the construction work, Puerto Maldonado seemed to have been hit by a swirl. I had just crossed the Andes and was still under the effects of soroche, or altitude sickness. Amidst the coming and going of moto-taxis, it was difficult to find the hotel route, cut off by the Billingham bridge construction — the reason why I was in the Southern Peruvian city. The 25,000-tonne steel construction, the final link of the mega road linking Brazil to Peru, it leaves Praça das Armas, right in the center of Puerto Maldonado, and crosses the Madre de Dios River, in the Peruvian part of the Amazon. “We are building a passage to prevent the road from splitting the city in two”, said the construction site manager Biaggio Sergio Carollo.

With 24 years of supervising the constructions of the Brazilian company Odebrecht, seven of them in Peru, the engineer was visibly anxious to relive the adventures and difficulties of constructing in such adverse conditions. In addition to the

bridge, he spent the last few years overseeing the construction of two stretches in Peru of the South Inter-ocean road, the +4,000km route and land link between the Brazilian Port of Santos, in the Atlantic Ocean, to the Peruvian ports of Illo, San Juan and Matarani, on the Pacific coast. The road is one of the nine priority routes defined by IIRSA (Initiative for the Integration of South American Regional Infrastructure) involving the 12 countries from South America in a series of joint infrastructure projects.

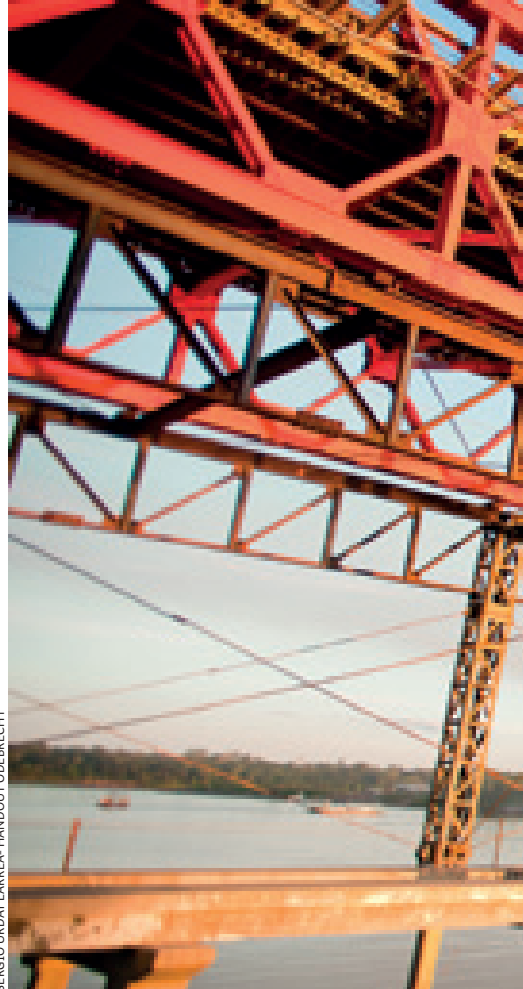
“The plan to build the mega road was just that, a plan, for three decades, due to the political woes of Peru and technical difficulties in getting around (quite literally) the Andean Mountain Ridges. From the border (which passes between Assis Brasil, in Acre, to the Peruvian city of Iñapari)

to the Pacific Ocean, we are looking at 1,400km (when adding the three ramifications of the road from the Peruvian city of Urcos, one for each port, the total length is 2,600km). The two stretches of Carollo leave Urcos, in the district of Cuzco, in the

opposite direction to the sea and descend from the Andes to the selva baja (or jungle lowlands), the name given by Peruvians to the huge valley covered by Amazon rainforest in the south of the country, littered with rivers full of illegal gold miners.

Puerto Maldonado lies in the jungle, 200km from the border with Brazil. This eagerly-awaited bridge would be concluded just days after my trip, at the start of July. The project, according to Carollo, has existed since 1980. The steel structure was even constructed and sent to the city, but it was not assembled. Since then, the 2,500 parts have been piled up in hangers in at city airport, from where they were recovered. “We had to level out over 700 tonnes of parts and reconstruct another 35”, he recalls. The 528m crossing from the Madre de Dios riverbed, which flows out into the Madeira River, had been the eternal expression of the region’s isolated existence. You

SEBASTIÃO URBANO LARREA - HANDOUT ODEBRECHT



**The bridge's
metal
components
had spent the
last 30 years
piled up in**



could only get there by plane or boat. Now, the pendulum is swinging the other way. The opening of roads, even before the bridge, led to a jump in migration, visible in the frenetic Puerto Maldonado. “The city receives 400-500 new people a day, mostly to work in illegal gold mining activities or driving the moto-taxis”, says the regional president of Madre de Dios (similar post to state governor in Brazil), José Luis Aguirre Pastor. He says that in 2007 there were 90 gold miners in an area of the region. Three years later, that number had soared to 12,000. There were 300 moto-taxis (semi-covered vehicles similar to India’s rickshaws) ten years ago, now there are 8,000. “We only have two poorly-equipped hospitals and a budget based on unrealistic data”, he says. The official stats say 50,000 people in the city. However, Pastor says there are 100,000. “Digging for

gold generates a lot of wealth, but it doesn’t stay here”, he laments.

Marked by centuries of oblivion, the region – crossed by the road from Urcos to the Amazon – is still a challenge for the executives of the companies that built it and that will operate the road. The stretch of road, with 246km of mountains and another 410m in the forest, is defined as “unsustainable”, a modern word meaning “unprofitable”. In fact, those leading the operation are having to deal with complex situations. In the forest, informality and the absence of the State make transit a risky venture, due to the conflicts caused by illegal gold mining and the lack of support for moto-taxi drivers. In the Andes, the involvement of the entire com-

munity is crucial, since land ownership is collective and any intervention (from the opening of the road to the installation of a service station) depends on a group decision. But the Andeans could be wary and distrustful, due to centuries of isolation.

“We did a strong negotiating job in this region”, says Alejandro Radice, Operations and Maintenance manager at IIRSA Sur, the company that will operate the road.

To successfully construct the two stretches under its responsibility, a project valued at US\$1bn, Odebrecht created Conirsa, a consortium featuring the company itself and three Peruvian constructors (the same partners control the operating company). The construction

**Peruvian
machine
operators
are now
instructors in
Angola**



1

process took five years, involved 11 million cubic meters of land and employed over 7,500 workers at its peak, mostly Peruvian employees. “Today we have 1,480 people still working, all Peruvians”, says engineer Carollo. “Our first job here was to train people, since informal mining created a lapse in the training of workers in the basic details of

heavy construction”. Odebrecht also trained women, many of them machine operators. “We have up to 180 operators”, says Carollo. “Now they are in Angola, training colleagues from that country”.

Projected to support trucks weighing up to 48 tonnes, the road imposed technical challenges on the consortium. “The most difficult

part was in the mountains”, says Carollo. “The help of the Peruvian engineers was essential there”. The biggest problem wasn’t the cold, as one might have thought, but the type of soil, whose instability causes major difficulties. “We cut below and it would collapse up above”, he says. “The soil is a layer of gravel over the rock, highly unstable”. The land-

PICTURES: SERGIO URDAY LARREA - HANDOUT ODEBRECHT

TOURISTS, LLAMAS AND GUINEA PIGS

FAUSTINO PERCCA lives in the Andean community of Cuyuni, at an altitude of 3,850m. He receives tourists at the Ausangatec Hatun Pukaran belvedere, managed by a community company formed by 60 families. They offer meals, Inca handicraft and trips on the arid mountain trails up to Cuzco. They also show visitors customs such as decorating the horns of the llamas and giving them a fermented cereal beverage. “It is a thank you for the work that the animal

does for us”, he says. The menu features chifa (Chinese-Peruvian) cuisine adapted to the local ingredients, such as sticks of breaded chicken with quinoa. The meal costs 20 soles (R\$12.50). Before the road arrived, Faustino bred llamas and grew vegetables, which gave him 10-15 soles per day. Now the viewpoint receives 300 visitors per month, ensuring a decent income for the community. The extra money enabled Percca to send his four children to school buy

a cell phone and TV and guarantee healthcare coverage for his family. “My future lies in tourism”, the ex-peasant predicts. IRSA Sur constructed the belvedere and offered training and advice to form the community company. The Odebrecht Association supports another 13 projects developed along the Interocean road, encompassing 1,795 families. One of them is the production of cuyes — guinea pigs whose meat is consumed in the region — in the place with the

1 In the Andes:
peasant looks
after llama herd

2 Julián with
cuye: doubled
his income

slides involved 15 million cubic meters – almost 1.5x what was removed to open the riverbed – and killed six workers. “We had a team of firemen, geologists and climbers to help us”, says the engineer. The project began with the group of specialists climbing the cliff face to assess the situation of the slope and prevent accidents. The workers only went up after, and underwent training by the mountain climbers. In the city of Marcapata the engineers stumbled on an unusual obstacle. Located on top of a geological fault line, the city houses a 17th century church – an historical monument that ran the risk of collapsing if the project continued as planned. The solution was to deviate 8km of the initial route.

Traveling the road to Puerto Maldonado features a whole host of surprises. Travelers experience extreme variations of temperature and altitude. From Urcos, where we started out, at 3,450m, the road rises until Marcapata, just over 4,700m. It then descends rapidly to Quincemil, 300m from sea level, on the Amazon side of the Andes. This takes no more

than three hours. The temperature, in contrast, rises from -20 degrees to close to +30. The name Quincemil is a reference to the average annual rainfall levels (15,000 millimeters). The contrast is also evident in the scenario and in the local culture. The mountain is virtually bereft of cities or people, just rural colonies. The landscape is arid. In the forest, there are more people but the housing structure is highly disorganized, with precarious homes built from wood or blue canvas spread all over the forests, contrasting with the intense green punctuated by the colorful flowers. The road, in this stretch, doesn't pass along the edges of the slopes, as in the mountains. It is bendy, with constant curves for 300km. The journey is a pleasant one, despite a certain concern over the lack of road sides. “It wouldn't be viable”, explains the engineer Carollo. “In the mountains, the slopes

are over 160m high, and in the part of the jungle, the high humidity and the soil type make constructions difficult and costly processes”.

It is also a stretch with no service or gasoline stations (gasoline is currently sold by the local residents). The feeling of insecurity should improve after implementation of highway infrastructure such as toll booths, road/traffic supervision and emergency telephones – which should all be up and running next year. In the opinion of

the Odebrecht executives, this structure will also serve as a tool for legalizing commercial activities provided on the route. Radice believes that the physical presence of employees will inhibit legal actions – whether they be small misdemeanors, such as selling gasoline, or more serious ones such as illegal gold mining in the countless rivers crossed by the road route.

Despite not yet offering any services, the road is already proving to be useful. Cargo transport rose 19%, and the journey time from Urcos to Puerto Maldonado fell from 23 hours and 45 minutes to 11 hours (the previous itinerary involved precarious regional roads). Since the support structure for travelers is still non-existent, meals during our journey were prepared in the community centers of the project (see chart below), the result of social development work with the local populations – which has so far cost US\$6mn and involved the creation of a third company, Associação Odebrecht Peru (non-profit entity). ■

Mountain climbers taught the workers in order to prevent accidents on the mountain

unpronounceable name (for outsiders) of Ccatcca, just up the road.

“I lived from what I planted on the property of others”, recalls Julián Fernandez, one of the 14 partners of a group of peasants dedicated to the creation of cuyes. “Today I don't need to leave home, I have a herd of 350 cuyes and I earn twice as much”. With organized production, the breeders have signed a regular supply contract with Cuzco. The first thing Fernandez did was to buy clothes for his children and a gas stove.



2

In enemy territory

Banco do Brasil is spreading its wings to compete globally, and director Admilson Garcia gives the lowdown on the negotiations to buy assets abroad

NELY CAIXETA, ARMANDO MENDES AND ANDRESSA ROVANI



The last four years have seen Banco do Brasil go on a bit of a shopping spree. Inverting its 200-year strategy, the largest Brazilian bank decided, for the first time in its history, to accelerate growth by acquiring other institutions. And what's more: it started to buy assets abroad, kicking off an ambitious internationalization plan aimed at boosting the revenue contribution of international operations from 1% to 9% by 2014. Its first international acquisition was Banco Patagonia (Argentina), bought in April 2010 for US\$479.6mn. A year later it was the turn of EuroBank (US), for US\$6mn. Now, Banco do Brasil is looking to enter, in the short term, Chile and Africa, and at a later date the attractive Asian market – where the dynamic center of the global economy is migrating to.

However, reaching this point involved years of preparation and changes (including changes in long-standing internal beliefs). The turning point was 2007, when management realized that, in order to remain market leader, the bank needed to grow not just in Brazil but abroad as well. “[At that moment] we perceived that major competitors were not just Brazilian banks but also global institutions with operations in the country”, recalls Admilson Monteiro Garcia, director of International Business at BB. “It became clear that our target was to be a strong bank regionally, in order to one day achieve the ambition of being a global bank.”

The first step was to remove the legal limitation that prevented Banco do Brasil from buying other banks – over 200 years, the company had grown by capturing new clients one by one. After changing the law, the first acquisitions were

here in Brazil – Banco do Estado do Piauí (Piauí State Bank) and Banco do Estado de Santa Catarina (Santa Catarina State Bank), shortly followed by Nossa Caixa (in São Paulo) and the purchase of a 49.99% stake in Banco Votorantim, which gave BB more pulling power in direct consumer credit operations. “By doing so we removed the differences in the internal market vis-à-vis our private-sector competitors” explains Admilson. “Are we on a level footing? Yes; now we will look abroad.”

Like almost any company that decides to go international, Banco do Brasil was faced with multiple options. Where to begin? The path chosen was to accompany foreign trade flows and the growing presence of Brazilian multinationals in other countries. In a way, the internationalization of these companies demanded the internationalization of the bank. “We aren’t inventing the wheel”, notes Admilson. “100 years ago, Citibank

came to Brazil accompanying the large US companies that were here”.

The Brazilian communities abroad also served as a guide. In Japan, for example, BB’s seven branches have 125,000 clients – mostly Japanese-Brazilians who have been living there since the 1990s. So, the vectors of internationalization were mapped out: companies abroad, trade flow and communities of Brazilian expatriates. It is easy to understand why the bank’s first international move was in Argentina. BB’s current portfolio features over 250 Brazilian companies that produce and export out of Argentina. Thus, the first target imposed itself almost automati-

cally. “I didn’t choose Argentina”, says Admilson. “My clients did”.

Despite already operating in Buenos Aires, Banco do Brasil didn’t offer the range of services that Brazilian companies started demanding. “As an outside branch of Banco do Brasil SA, we couldn’t offer the client services and financing that they were asking us for”, he says. “We had to either become a bank with a branch network in Argentina, local currency funding and a product/service structure, or we wouldn’t be able to service our clients”. The selected target, Patagonia, was a family-owned bank that was also seeking a partner. Admilson reveals details of the operation: in 2009, after being sounded out by

**BB had
a 200-year
delay to
make up for in
the acquisition
of other banks**

a BB adviser about his willingness to sell control of the bank to an interested Brazilian party (without revealing its identity), Patagonia Jorge Stuart Milne grabbed a flight to Brazil. He sought out the ma-

ajor Brazilian banks to discover who was actually interested in his bank. “That’s how our negotiations began”, says Admilson. “It was a fortunate coincidence of interests. The negotiation was very quick. It didn’t take more than 8 months.”

The next step was the US. There, in addition to serving Brazilian companies, Banco do Brasil hopes to replicate, together with the communities of Brazilians and Latin Americans, the success of its operations in Japan (interestingly, the bank has a client base there of Japanese-Peruvians, who feel more at home in the bank of their “neighbor” than at other banks). For a long time, the Japanese operation was the bank’s



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most profitable one abroad. If it was possible to do this with 300,000 Japanese-Brazilians, why wouldn't it be possible to do it with 1.4 million Brazilians in the US?

On the other hand, and bucking the market, Banco do Brasil says it was unaffected by the recent financial storm and guarantees that it had no liquidity or international funding problems. It thus designed a strategy to grow in the crisis: it scoured its client database for a group of individual and corporate clients with impeccable bank records. They were clients that, in BB's view, were being underserved by their banking competitors – which, at the peak of the crisis, put the brakes on new loans. “Instead, we actually increased our offer of new loans”, says Admilson. The bet paid off. At the height of the crisis, says the director, BB's New York agency went from

Brazilian companies and communities are the focus of BB's international foray

a funding position of R\$400mn to R\$4bn in under a month. “We were considered the safe haven of Brazilian companies”, he says. And that's where the challenge arose – to keep this client at the bank when the skies cleared. It was the ideal moment to create a US bank.

Its entry into the US (which the crisis also influenced) involved all sorts of difficulties. The first of them was to obtain the obligatory FHC (Financial Holding Company) certification, granted by the Federal Reserve (FED), attesting that the bank is well capitalized, managed and, very important, regulated in its country of origin. BB took over 2 years to obtain this certification, which finally came in 2010. It had to undergo a detailed scrutiny of its businesses, including an individual analysis of each member of its Board of Directors and of its executive board.

Having obtained the certification, BB's plan was to create a new bank with a presence in four states: Florida, New York, New Jersey and Massachusetts – home to the largest Brazilian communities. But that wasn't what happened. Upon granting BB the certification, the FED gave clear signs that it favored the acquisition of an already existing bank. Admilson understood this message to mean: “I have 800 problematic banks, don't give me another one to worry about; buy one of them.” Message duly received, Banco do Brasil went out looking for a candidate. In partnership with a consultancy, it prepared a list of targets. EuroBank was third on the list. A small bank, with branches in only one of the targeted states, but with an excellent concentration of Brazilians: Florida (BB missed out on the top candidate due to the delay in receiving the certification and declined, due to risks, in the case of the #2 option). The deal was closed in April. “Eurobank is my entry price, my fee to enter the



1 Room in New York: for Brazilians and Argentineans
2 Patagonia: first international acquisition

Brazil and abroad and spent 8 years as the head of BB's regional branches and offices in London, Milan and Tokyo, before returning to Brazil as director of International Business. The bank has the policy of training its own teams, explains the executive. "We cannot go to the market to hire someone, but we place great emphasis on training our employees", he says.

The bank is still hungry to buy. In search of new businesses, Banco do Brasil is again studying the global map. Another two internationalization models will be put in practice shortly: the first one, in Chile, where BB is seeking a partnership as minority stockholder of a local bank, and the second in Africa. In this case, it is negotiating a partnership in the form of a holding company with Bradesco and Banco

Espírito Santo (from Portugal), with vast experience in the ex-Portuguese colonies on the continent. According to the estimates, Banco do Brasil will only achieve its target of reaching 2014 with 9% of its revenues obtained

from abroad if it makes acquisitions and enters into partnerships. External organic growth alone will not be enough, says Admilson, because in Brazil the bank is growing very fast. "We ended 2010 with R\$832bn in assets and we want to reach R\$1trn very quickly", he says. "The evolution of the bank here in Brazil is very strong – so we either go after an inorganic deal [abroad] or we won't meet our target", he concludes. ■

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US", sums up Admilson. EuroBank continues to be run by Americans, until all the regulatory procedures are resolved. But a team of four BB executives is already there, looking after the assets and results. The next hiring will be a local employee for the vice-president position. "We aren't going to take the risk of offering retail bank operations in the US without having a US vice-president with market experience, who knows the profile, modus operandi and mindset of the US client", says Admilson. "That's a mistake we won't be making".

The Eurobank name should shortly be replaced by Banco do Brasil in Florida. And to boost its presence in the US, BB is setting up a client service room in New York – more precisely on 42nd Street, in front of the central Bryant Park, close to the Public Library. This location will serve not just Brazilian tourists, but also clients of Banco Patagonia, who, according to Admilson, will be recognize its brand in the architecture (and of BB). "More

than pride, we want him to feel like a client of a bank that really services him wherever he is".

Such a program of change would have to face resistance. Admilson says that it is indeed a risk to venture abroad, but at the same time you have to assess the risk of not going. "How much does it cost to hold out for a merger movement, or for a global bank to buy a competitor here in Brazil?" he asks. "We had a 200-year delay to make up for." To plough ahead with its internationalization process, BB uses trained executives to work at its global branches and offices. Other executives are specialized in the specific international areas. Admilson is part of the first group: he joined the bank as a teenager. Years later he was picked in an internal selection process to specialize in the international area. He took courses in

Post-crisis was the best moment to create a bank in the US



Vianna and
team in
Shanghai:
taming
inflation



HANDOUT HSBC

At the top of the pyramid

Boosted by Brazil's strong momentum in the global economy, Brazilian executives now hold positions in the senior chain of command at multinational conglomerates

SUZANA CAMARGO, ZURICH

Maurício Russomanno (34, São Paulo) is the son of an executive and traveled the world when he was a child. He learnt to read and write in Spain, studied and worked in the US and took a specialization course in Belgium. Fluent in English, Spanish and French, the Brazilian executive faced one of the biggest challenges of his career when he was chosen to lead the incorporation of a small company in Switzerland. Aged 31 at the time, he was one of the directors of the multinational chemicals company Basf in Brazil and faced resistance in Europe due to his young age and, mainly, due to the fact that he was Brazilian. “The employees wouldn’t accept that someone from a country like Brazil with so many structural problems could manage a Swiss company”, he recalls. To get closer to the Swiss and “sell” his plans for change, Russomanno put

his language skills to work. “Since I spoke French, I understood exactly when they were against one of my initiatives”, he explains. “I could also talk about matters other than work, which certainly helped to improve things”. The strategy paid off. He gradually overcame the resistance and was able to successfully implement his changes. Mauricio’s international experience lasted 3 years and helped, upon returning to Brazil, to leverage his career (Mauricio has now risen to vice-president of Basf’s Crop Protection division).

Another Brazilian who made his career at a large multinational is Henrique Vianna (from Rio de Janeiro), who is now the director in charge

of HSBC’s Brazil-China trading desk in Shanghai since March 2010. HSBC is one of the global banks with the biggest presence in Brazil, and currently has 58 (yes, 58!) Brazilian executives occupying senior management positions abroad. Vi-

**HSBC
has 58
Brazilian
executives
spread across
the globe**

anna believes the current economic momentum is conducive to Brazilians with a global profile. “Brazil is growing, it is now a major player in the global arena and it is more open to the international market”, he observes. “Brazilian executives, with a good education and experience, will be increasingly in demand.”

Just like our intrepid pair of Brazilian executives Mauricio and Henrique, an entire generation of Brazilian executives are making their names in the international workplace. And in senior management positions as well! Never before have we seen such familiar Brazilian names hitting the headlines of international economic publications. Carlos Ghosn, CEO of the French-Japanese group Renault-Nissan, was one of the pioneers, but now there are others featuring prominently at the head of major corporations, such as Emilson Alonso, CEO of HSBC’s Latin American and Caribbean operations, based in Mexico City (he is the highest-ranking Brazilian executive at the British bank); Humberto Antunes at the French-Swiss pharmaceutical chain Galderma Farmacêutica, Francisco Valim at the UK company Experian, Alberto Weisser at the US company Bunge, and Ricardo Leiman at the Chinese company Nobel Group. And the list goes on. The stunning rise of these executives is linked to a scenario of global transformation: with the US’ and Europe’s reduced contribution to the global earnings of large multinational conglomerates, Brazil is now a priority country for these companies. This has put Brazilian executives in a better light, paving the way for our executives to rise all the way up to the top of these global players’ headquarters.

The demand for Brazilians is accurately portrayed in a report pub-

lished by Boyden Global Executive Search, a recruitment company. The report (entitled Brazil – Walking on the Big Stage: The “New Brazil”) was based on a series of interviews taken with senior executives from multinationals with offices in Brazil, global companies and business entities. “Brazilians are ambitious, they are in touch with global events, can learn languages quickly and easily adapt to other cultures”, says John Murray, a Boyden partner and director here in Brazil. In times of commotion and upheavals in the global scenario, such a profile attracts the attention of international companies. “In general, Brazilians are very open to innovations and transformations. They are excellent agents of change”, rounds off Murray

The Brazilian Way of Doing Things (“o jeitinho”), Reloaded

Creativity and flexibility. The combination of these two attributes gives form to a component that has made its mark abroad. Previously rejected, the “jeitinho” (i.e. the Brazilian way of doing things) is now seen as a specific skill-set. Or at least, a version of it: the capacity to handle different situations and adapt to different cultures (work or country). The Brazilian executive shares this attribute with his Latin American neighbors, according to a study on Leadership Styles by Korn/Ferry (an international consulting firm), which revealed that Latin American senior executives are much higher up the curve in terms of flexibility and creativity vis-à-vis their European and

A generation of executives learnt to deal with turbulence in Brazil

HANDOUT BASF

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1 Russomanno: French to overcome resistance
2 Stela: back after 4 years in Copenhagen

tive director of the bank's retail operations in Panama), the intrinsic multicultural nature of the Brazilian environment can open up the doors of business opportunity. "We are from a country that is a splendid representation of a global village, and a Brazilian professional needs to be aware of the advantage that this represents", he says. The historic and economic whirlwind experienced in recent decades also influenced this formation. The country was an excellent school for professionals who faced uncertain situations during the economic turbulence of the years of hyperinflation and the

HANDOUT
2

PROFILE OF THE BRAZILIAN EXECUTIVE

■ Has more experience, flexibility and facility to adapt because he/she acquired professional experience in a fluctuating and unstable economic environment;

■ Has greater skill to navigate complex taxation systems and government red tape;

■ Is more cordial and pleasant in dealing with colleagues from the same hierarchical level and with factory workers;

■ Makes greater use of informal communication.

Source: The Boyden Report: Brazil

North American colleagues. "The most interesting observation is that South American leaders have a much higher level of creativity in relation to social participation – a common characteristic of senior executives in other regions", explains Juerg-Herbert Baertschi, Korn/Ferry International vice-president of European, Middle East and African operations. "This shows that they are more used to dealing with ambiguities and changes than an American or a European."

In fact, this characteristic had an entire chapter devoted to it in the Boyden report. Brazilians are generally more used to dealing with several areas and assuming different tasks and functions, which often means they are more qualified vis-à-vis executives from countries where functions and responsibilities are part of the job description and cannot be altered. "We have many Brazilians working with banks and

stock markets abroad precisely because they have this profile", notes Darcio Crespi, partner-director of the executive recruiting consulting firm Heidrick & Struggles. The multicultural environment that was the home and school of many Brazilians may explain part of this unique skill-set. Traditions of Italian, German, Japanese, Middle East and so many other immigrants are blended into Brazil's culture, making Brazilians tolerant and receptive. "Most Brazilians are willing to try new things and are more exposed to globalized communities – i.e. they studied at international schools or are children of foreigners", says Fernando Lohmann, partner-director of Fesa Global Executive Search. "These individuals have much greater knowledge of the world and enormous intellectual curiosity".

In the opinion of Marcello Veloso, another member of HSBC's Brazilian brigade (he is the execu-

freezing of bank accounts in the 1980s and first half of the 1990s. According to Juerg-Herbert Baertschi, vice-president of Korn/Ferry, since the end of World War II companies from developed countries got used to living in a structured business world, with no changes in the rules. “Brazil went through a military dictatorship, opening of its markets, currency change, and modification of fiscal laws”, he says. To be a successful executive in such a market, you have to be creative and take decisions very rapidly on waves of instability”.

The fact that they have lived through these volatile markets means that Brazilian executives always have a plan B up their sleeves, says João Pedro Perez, vice-president of international software sales at IBM in the US. “In the face of an unexpected problem, foreigners don’t know how to react. Brazil-



PERSONAL COLLECTION

ians are already more used to dealing with adversities and are always ready in case things go wrong.” Henrique Vianna is certainly testament to this. He is currently applying in China what he learnt in the years of an instable economy in Brazil. Just like Brazilians in the past, the Chinese are also worried about

the rise in inflation. “The measures taken by the government naturally generate a high level of stress in the banking market”, he says. “For us Brazilians, with flexibility to face these situations, it is easier to manage the crisis”.

João Perez (from IBM), who has a degree from the São José dos Cam-

THE COSTS OF EXPATRIATION

EVERY TWO years, Mercer, a company specialized in consulting, outsourcing and investments, carries out a global survey on international transfers. It is the so-called International Assignments Survey, for which around 220 multinationals are consulted. Madeleine Berger, a senior researcher from Mercer in Geneva, reveals that the expected drop-off in the expatriation of executives, due to the crisis, failed to happen. “Our survey showed that companies didn’t stop sending employees to other countries”, she says.

The survey listed the countries to which companies have allocated the largest number of expatriates

in recent years. China is at the top of the list, followed by the US, the UK and Singapore. “When we asked about the destinations to which these multinationals plan to send more professionals over the next few years, Brazil appeared in third place”, according to Mercer.

In the other direction, Brazilian professionals now think twice before accepting a proposal to work abroad. The European and US stagnation and the strengthening of the Brazilian currency have made salaries in Brazil more competitive. Thus, for those executives more concerned with their salary than with developing their career, perhaps the current moment advises a rethinking

of plans to move abroad. Based on identical job posts, wages in Brazil are now on a par with Europe or the US. “There are numerous opportunities in Brazil at the moment”, says Murray. Darcio Crespi, a director at Heidrick & Struggles, agrees: “It’s Brazil time in the sun right now”.

The change in Brazil’s relative position in the global market is another complicating factor when it comes to weighing up the pros and cons of moving abroad. The investment is always higher for the company that sends an employee abroad. The packages offered by large multinationals to expatriates include travel expenses (both ways), the costs of living in the other coun-

1 Perez with children: skiing at the weekend

2 The headhunter Crespi: Brazil is enjoying its day in the sun

pos Technological Institute of Aeronautics, adds an unexpected quality to the Brazilian CV: in his opinion, the elite Brazilian schools are just as good as their international counterparts. "We used to think that everything that came from abroad was better", he recalls. "When I went to the US for the first time, I realized that I had a much better education than executives working there". Due to the excellence of some universities and companies, Brazilians are currently being sought after in areas such as metallurgy, mining, steel, paper and pulp in the aeronautical and pharmaceutical, petrochemicals and oil and gas industries. "If we are conducting a global search for a high-ranking executive in the energy or petrochemical sector, for example, we will certainly look to Brazil", confirms Baertschi, from Korn/Ferry.

But the global image of Brazilian executives isn't all positive. A common trait is that, due to Brazilians' emotional links, they have a certain degree of difficulty in leaving their roots behind. For example: Brazilians are resistant to flying off to positions in less well-known or distant places such as Africa and Asia – they are very far from home, sometimes not just from a geographic standpoint. "Brazilians are more linked to the cultures that were part of our development, i.e. the European and American cultures", notes Fernando Lohmann. "Brazilians feel more comfortable catching an American Airlines flight to Miami than to Taipei". Another characteristic (this one featured in the Boyden report's findings) is a certain attachment to symbols of social status, such as what car a high-ranking executive drives. "Cars are still a key factor in Brazil",

MOST EXPENSIVE CITIES FOR EXPATRIATES

- 1 Luanda (Angola)
- 2 Tokyo (Japan)
- 3 Ndjamen (Chad)
- 4 Moscow (Russia)
- 5 Geneva (Switzerland)
- 6 Osaka (Japan)
- 7 Libreville (Gambia)
- 8 Hong Kong (Japan) + Zurich (Switzerland)
- 9 Copenhagen (Denmark)
- 21 São Paulo (Brazil)

Source: International Assignments Survey 2010, Mercer

notes the South America CEO of Rolls-Royce International, Francisco Itzaina, who was interviewed by Boyden and mentioned in its report.

try, schooling for the executive's children, flights back to their home country once a year for the entire family and any additional expenses incurred during the first few months in the new country, such as buying furniture. In general, companies only offer this range of benefits to those working abroad for at least three years, on long-term assignments. "This is why, in expatriation cases, the processes of choosing candidates are so rigid," explains Madeleine, from Mercer. "Companies cannot afford to hire a professional wanting to return after one year due to problems fitting in".

A cheaper alternative in coun-

tries with a strong currency and stable economy is to offer local contracts to expatriates. This is the case, for example, of companies with offices in the US, Switzerland and Germany. The Mercer report revealed that in recent years 50% of companies adopted the practice of offering local contracts in order to reduce expatriation-related expenses with. However, in regions with high levels of violence and social insecurity, such as Iraq, Congo, Sudan, Honduras or Venezuela, expatriates can earn additional benefits of up to 40-50% on top of their salaries.



HANDOUT
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Marcello
in Panama:
soccer with his
workmates

Holding a prestigious job title and working at well-renowned companies also hold greater symbolic value according to the Boyden study.

Cultural acclimatization

The experience at multinational firms promises major benefits for the executives who plan to pursue their career at these companies. But learning how to relate in new environments is a challenge for new expatriates. "For me, this was the most difficult part" recalls Perez, who heads a team of almost 2,000 employees and travels virtually once a week to meetings in Paris, London, South Africa, India and China. "I constantly realized that people were offended by how I gave an order, or I felt insulted by the answers. In some countries you have to give orders, in others you have to ask or suggest", he reveals. For some executives, the secret to adapting abroad lies precisely in the capacity to mix technical knowledge and cultural baggage with the learning process in the new country. "It is important to be an authentic Brazilian and everyone expects you to behave like this, but it is even more important to know that Asians always talk one at a time, that Anglo-Saxons emphasize objectivity and that Mexicans and Panamanians appreciate personal greetings before and after a meeting, such as a simple 'hello' or 'thank you'", says Marcelo Velloso. "The advantage of working in a multicultural environment is in knowing how to give and

receive or teach and learn".

Director of Human Resources for Latin America at the Danish pharmaceutical chain Novo Nordisk, the Brazilian executive Stela Amaral sees the cultural differences very clearly. "The Danish are very efficient, they don't waste time", she says. In 2007, Stela accepted the challenge of working at the company's headquarters, leaving behind in São Paulo her two adult sons. "They supported me", she recalls. The move, which was meant to be a 2-year one, ended up lasting four years, which Stela took full advantage of in order to know Copenhagen like the back of her hand; she went to shows and concerts, visited museums and looked to blend into the city's lifestyle. But her life is set to change again shortly: despite the stability conquered in Denmark, she is returning to Brazil. Stela has received an attractive proposal to become head of Human Resources at the Anglo-American biopharmaceutical company Shire, in São Paulo. Her European experience clearly illustrates two facets of an international career: the first is that executives with global experience boost their chances of receiving interesting proposals when they return home. And the second is a lesson that serves both for personal

**Brazilians
resist
moving too
far abroad
or to unknown
places**

and professional life: while you are away, learning about habits and traditions and blending into the life of the host country is fundamental. In the opinion of Marcelo Velloso (HSBC director in Panama), this included learning to understand and watch baseball games, Panama's national passion. "Knowing what the weekend score was so that you can comment on it at lunchtime may not seem relevant, but it is essential", he says. Still, he didn't have to give up Brazil's favorite pastime: Marcelo organized a soccer tournament for employees from his division, with family members also free to join in.

But after conquering all the differences and difficulties of integrating and adapting to a foreign country, Brazilian expatriates are now faced with another tough decision: go back home or stay. Many executives feel so at home that they decide to stay put. This is the case of Perez, from IBM. Her two children born in the US, a 13-year old girl and a 9-year old boy, are more familiar with US soil. "They

love living here. At the weekend, we all ski together", says Perez. "We attend parties held by an Association of Brazilians, a form of cultivating friendships with people from Brazil, but their home is here". The only problem still faced by the vice-president of IBM is when he needs to teach people to pronounce his first name, João Pedro. Few foreigners can repeat the "a-til-o" sound, so typical of the Portuguese language. "I've grown tired of spelling it", he jokes. "I told my boss I was going to leave the company. He said: 'No way. Everyone at the company already knows who João is'." ■

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Money to burn

With a strong real, brazilians are filling up hotels and buying real estate property from Miami to Punta del Este

ANDRESSA ROVANI*



Needed: real estate assistant fluent in Spanish and Portuguese. The job ad, published recently by the Brazil-US Chamber of Commerce in Florida, is a sign of the times. In this case, the company looking for an employee is Luxury Living Realty – a small realtor specialized in deluxe homes and located on Miami Beach. And dozens of other realtors are striving to meet the needs of a growing public: Brazilians in search of a permanent residence in the city.

Today, 35% of people buying property in downtown Miami are Brazilians

There are several reasons for this demand. A strong Real, euphoria of foreign investors and growing consumption, on the one hand; and an economic crisis, unemployment and a slumping property market, on the other. Despite still being an emerging and developing market, Brazil currently has some of the most expensive locations anywhere in the world. So expensive, in fact, that many Brazilians have concluded that it is better to buy a beach home in Miami instead of in Rio de Janeiro. With the 45% appreciation of the

Real against the US dollar since 2008, the best performing currency out of 25 emerging market currencies in the period (according to Bloomberg), 35% of property buyers in downtown Miami are now Brazilians. This has helped to boost the city's property market.

According to the Florida Realtor Association, sales climbed 92% in the first four months of 2011 compared with the same period of 2010. Of this amount, around half of the properties sold to foreigners (totaling over US\$500,000) was represented by Brazilian buyers who, according to the Miami Herald, also accounted for half of the sales of properties costing more than US\$1mn in Miami Beach.



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1 Miami: cheaper property than in São Paulo or Rio

2 Casino and front of Conrad Hotel in Punta: two weekly charter flights from Brazil

In South America, Brazilians' Miami is Punta del Este, the famous Uruguayan sea resort. Just a two-hour flight from São Paulo (instead of an eight-hour flight to Florida), the region has witnessed exponential growth in the number of tourists. One of the main destinations is the Conrad Punta del Este Resort & Casino, which is enjoying a Brazilian boom in its hotel rooms and casino floors. In 2010, 76,000 Brazilian visitors made Brazil the #1 nationality staying at the resort, ahead of Argentines.

"Brazilians have discovered that Punta del Este is a close international destination, and a safe and sophisticated city", says Roberto Gimenez, director of sales

at Conrad. The growing demand has led Conrad Punta del Este to increase the number of seats offered in weekly charter flights by airline Gol: from 140 to 180 per flight, twice a week.

As in Miami, Brazilians' interest in buying a summer house has also grown in Punta del Este. With an eye on this public, the Brazilian homebuilder JHSF has converted an old, run-down ranch into a 480 hectare luxury resort, close to the city. Las Piedras, formed by 205 villas (of 155m and 700m²) is run by Hotel

Brazil has discovered that Punta is a close, safe and sophisticated destination

Fasano, whose famous restaurant also serves a decoy for those with money to burn. The villas cost between US\$500,000 and US\$2mn. Also in Punta, Fernandez Mera, one of the largest Brazilian real estate intermediation companies, is selling the Caracoles Residence Club condo (built by the Uruguayan real estate developer Niente) – scheduled to be delivered in July 2012. Condos can be bought in Brazil (and even on the Internet!). ■

*collaboration of Flavia Carbonari



Door-to-door deli

Small and midsized companies use express courier services to remove the red tape from exports

ANTONIO CARLOS SANTOMAURO

In March, Frontera (a company from Ceará that produces decorative stones) ordered the collection and transport, in the city of Fortaleza, of 400 kilos of its products: it paid approximately R\$4,000 and in 10 days the stones were in the Chinese city of Xiamen, where they would go on display at a trade fair scheduled to take place in 3 days time. At almost the same time, it paid R\$ 2,500 to send another 200 kilos of its stones to Las Vegas.

The two remittances were made by the German logistics company

DHL, one of the main players in a fast growth market, benefited by stronger globalization and the emergence of new sales channels, such as e-commerce. We are talking about delivery services of small orders (in terms of both volume and financial amount – since for export standards, 400 kilos of stones are little more than a sample. In this market, multinationals present in over 200 countries have made their mark, such as DHL itself and the US companies FedEx and UPS, among others. They are all present in Brazil, where they face competition from

the Brazilian Postal Service, which also offers facilitated export services (DHL is part of the conglomerate Deutsche Post, a byproduct of the privatization of Germany's postal service).

This type of service plays an important role in the development of the globalized economy: although it also serves large corporations, which use the service to send samples to distributors, stores and events, the remittance of small orders is fundamental to the inclusion of smaller companies in the international market. The benefit doesn't just stem



HANDOUT FEDEX

Packages go through a scanner: express export

lo Alvim, manager of financial markets and services access at Sebrae (Brazilian Support Service for Micro and Small Companies). “These services removed a bottleneck for those companies lacking the necessary financial clout to run their own international distribution structure”, he says.

This possibility is exploited by companies such as Araretama (from São Paulo), which sends essences and cosmetics from its head office in the climatic resort of Cunha (in Serra da Bocaina) via postal service (and sometimes UPS) to countries such as the Czech Republic, England, Germany and Austria. “For small orders, this form of transport is less bureaucratic and offers a decent cost”, assesses Daisy Braun, administrative and commercial manager at Araretama. Another company that works with express logistics services is the beach fashion brand ViX, a company with a unique history: it was created in San Diego (California) at the end of the 1990s by Paula Hermann (a designer from Espírito Santo state) to promote the Brazilian beach fashion brand in the US, and started selling its products in Brazil in 2006 when it opened its own factory in Nova Friburgo (Rio de Janeiro). ViX, by the way, is the abbreviation (in international aviation jargon), of the airport of Vitória – the capital of Espírito Santo state and the city where Paula was born.

From a modest beginning, Vix became famous in the US by supplying bikinis to the Victoria’s Secret store chain and appearing in the press modeling (and revealing) the bodies of famous singers, actresses

and models such as Beyoncé, Cameron Diaz, Sarah Jessica Parker and Kate Moss. From the Brazilian factory in Nova Friburgo, ViX’s production (except for 30% that goes to the Brazilian market) is transported to a distribution center in San Diego, from where it is sent out to all over the US and to other countries via UPS or local postal service. “Nowadays, postal services and express deliveries represent an attractive alternative for exporting more segmented products”, notes Bernardo Hermann, Paula’s brother and industrial director of Vix, who runs the factory’s operations in Nova Friburgo.

Exports of up to US\$5,000 benefit from express customs clearance

LIGHT JOURNEY

Products and their weighting (%) in the Postal Service’s Exporta Fácil express delivery service

Apparel and accessories	16.2
Animal products*	14.35
Jewels, costume jewelry and precious metals	13.36
Optical and medical-surgical instruments	10.52
Electrical materials	9.15
Machines and equipment	6.23

*Glands and various substances of animal origin used in very small quantities to prepare cosmetics and pharmaceutical products.

Source: Brazilian Postal Service

from the convenience of being able to rely on an efficient global delivery system, which schedules a time and day to collect the merchandise at the door of the sender and to deliver the goods at the door of the recipient. The service goes beyond that: it can function as a type of informal guarantor for the exporting company, which is often unknown and unheard of in the buyer market. By having their merchandise delivered by companies that are a global reference, small exporters can leverage on the reliability of these brands in the eyes of the importer, notes Pau-

Small, but relevant

The international transit of goods transported by express delivery companies benefits from international agreements for (equally express) customs clearance. For most products, remittances of amounts below certain limits (in Brazil, US\$5,000 for exports and US\$3,00 for imports) fit this category. If a customs clearance-related problem needs to be resolved, multinationals from the express delivery sector offer courier services – a sign of how service providers now take good care of the segment of small and midsize companies. FedEx, for example, offers the PymEX service to this business niche, in which it goes as far as to offer export training activities in the form of consultancy services and educative seminars on exports, as well as discounts in freight and service costs. “The large global clients still account for most of our business, but the biggest growth potential is in the segment of small and midsize companies”, notes Claudio Fonseca, senior operations manager at FedEx Mercosul. In Brazil, the goods received by FedEx (with the exception of merchandise transported to Argentina, Uruguay, Paraguay, Chile, Peru and Bolivia) fly out from the airport of Viracopos, in Campinas, from where they go to a distribution center at Memphis Airport in the US. According to Fonseca, at FedEx alone these services posted growth of 11% in the first quarter of 2011 in relation to 2010. ++ aqui o portugues tah comparando 1T11 com 2010....serah que a comparacao correta eh 1T11 com 1T10?? ++

At DHL, considering only the remittances sent to Latin American countries, exports originating from Brazil are growing at an average

annual pace of 10%, says Juliana Vasconcelos, marketing director of DHL Express for Brazil. “Small and midsize companies represent 65% of our services’ clients, and account for US\$15mn of our annual revenue”, reveals Juliana. One of these clients is Frontera, which despite using conventional containers to export its large orders also uses express delivery systems when it needs greater speed (e.g. to send display material to international trade fairs, an invaluable window for a company that last year derived some 90% of its R\$2mn revenue from exports). This

year, Frontera will participate in another three trade fairs (in Mexico, Italy and Spain), to which it will send its samples via the same service provider. The company will also use individualized international marketing actions offered by DHL: “I plan to send samples of our stones with a thank you letter to those who visit us at the fairs”, says Alexandre Pedron, partner-director of Frontera. “In China alone, we received over 400 visitors”.

Diversified service

Present in the express delivery



HANDOUT UPS



HANDOUT VIX

1 Kátia,
from UPS:
10% export
growth

2 ViX bikini:
from Nova
Friburgo to
the world

market via partnerships with its peers in other countries, last year the Brazilian Postal Service recorded growth of 8.4% y/y in remittances via the Exporta Fácil (or Easy Export) international service. Exports went to 119 countries, mainly the US, Hong Kong, Japan and Argentina. Without a direct presence in other countries, the Postal Service doesn't offer some services featured in the portfolio of the multinationals (e.g. customs couriers). "But we are looking into the possibility of having the tax that should be paid by the recipient being already settled by the sender", says Daniel Santos, international business analyst.

Last year, raw materials sent to the pharmaceutical industry were important items in the group of merchandise sent abroad via Exporta Fácil, a system that is also heavily used by the jewelry and optical (i.e. glasses) markets, among others (see chart on page 65). Juliana, from DHL, says that sectors demanding specific or even customized logistics (such as the chemical industry and state-of-the-art technology) are now strong users of the express delivery system, which is particularly appropriate for

suppliers of more expensive, light and low-volume products. She also notes growth in the segment of e-commerce. Fonseca, from FedEx, singles out auto parts and footwear industries as relevant clients. The latter group, he explains, is currently operating in specific market niches in order to escape the claws of Chinese competition in the most commoditized items – and to serve this industry, Fonseca and FedEx needed to expand the frequency and destinations of their exports.

Fast remittances are suitable for light, expensive cargoes

UPS, despite being involved throughout the logistics chain, is also now providing door-to-door pickup/delivery for most of its services, says Kátia Tavares, the company's marketing manager in Brazil. She mentions the ceramic floor industry as a strong user, especially for sending samples via the express delivery system. According to Kátia, in the comparison with 2010, average daily exports via UPS' courier service rose 10%, with strong growth in the usage of this service by small and mid-sized companies. Firearms and money, she notes, cannot be transported by these services; there are also restrictions on sending large

quantities of beverages. But strange products are easily found on the list of Brazilian exports that arrive at their destination via express services (such as the so-called blistering beetle, which secretes a poison used in the production of medications and supposedly aphrodisiacal substances) and animal glands used in the pharmaceutical industry. ■

WHAT EACH COMPANY PROMISES

Delivery services are offered to over 200 countries

POSTAL SERVICE

Guarantees delivery in France, within four working days, of merchandise weighing up to 10 kilos posted in São Paulo.

DHL

Via the scheduled pickup/delivery service, it promises to deliver in the South of Florida by 10:30am the next day merchandise weighing up to 2 kilos collected in São Paulo between 10:30am and 3pm.

FEDEX

In the premium door-to-door service, it guarantees delivery in any part of the US, by 10:30 the following day, of goods collected in São Paulo by noon.

UPS

Promises to deliver in Miami, in 48 hours, merchandise weighing up to 70 kilos collected in São Paulo.

Global Academy

Given Brazil's worldwide visibility and potential of its student population, foreign universities open offices in the country, searching for local talent

CHRISTINE PULEO

Ohio State University (OSU), a major U.S. research university in Columbus, Ohio, with a total enrollment of nearly 65,000, is preparing to launch a São Paulo office by the end of this year. The effort is being led by William Brustein, the school's vice provost for global strategies and international affairs. This is not the first such office. OSU is among the latest to join a group of schools that have already set up a brick and mortar presence in Brazil. The pioneer was Harvard University, opening its Brazil office in 2006 on Avenida Paulista, which is dedicated to enhancing collaborative research, encouraging faculty and student study and research in Brazil, and

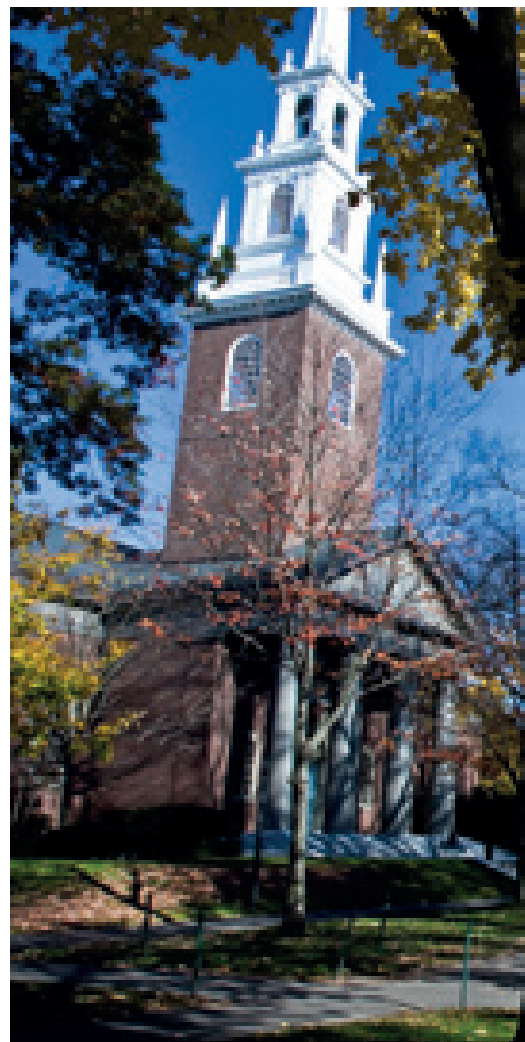
providing a hospitable environment for Brazilians at Harvard.

Like the Harvard Office, the OSU's Brazilian Global Gateway is not a recruitment office, but make no mistake about it: the school is actively seeking to attract Brazilian students to its classrooms.

In addition to U.S. schools, universities from around the world are courting Brazilian students. The interest can be explained by the numbers. With 8.3 million high school students in Brazil, the potential for future graduates is skyrocketing. In 2008, just 11% of all persons between the

**Just 11% of
Brazilians
between 25
and 64 years
have a college
diploma**

ages of 25 and 64 held university diplomas in the country. Among the members of OECD (Organization for Economic Cooperation and Development, which includes the world's most developed nations) the average is 28%. In Chile, for example, the figure is 24%, and in Russia, 54%. In this context, the country is becoming a strategic market for international schools in search of new students. And above all, the interest is in students with high academic performance. "Beyond its economic power and vast natural resources, Brazil's most prized commodity is





Campus at
Harvard
University:
pioneer

ency in German is no longer a prerequisite to enroll in the programs offered. Once arriving in the country, Brazilians may enroll in semester-long intensive Germany language training.

As foreign universities set their sights on Brazilian brainpower, Brazil is at the same time attuned to the potential for high-level training of its talent abroad. Interestingly, all this attention comes just as the Brazilian government has made study abroad a priority for Brazilian students. The goal is honing of talent, so that with comprehensive training, students may become actors in the international insertion of Brazil. In April, President Dilma Rousseff announced 75,000 additional scholarships for students from the high school to the postdoctoral level seeking to study abroad.

Students have been responding. The number of Brazilians studying abroad can only grow, and this figure has nearly quadrupled since 2004, when 42,000 Brazilian students went abroad, growing to 160,000 students in 2010, considering all levels of education (see other numbers in the table on page 72). These figures are set to increase even more.

“Brazil is the next big thing, everyone is interested in what is going on in the country,” explains Thomas Trebat, the executive director of Columbia University’s Institute of Latin American Studies, and head of

the Institute’s Center for Brazilian Studies. The school, which recently launched Global Gateway Offices in Beijing, Paris, Amman, and Mumbai, has plans to open two such centers

its talent,” says Paul Davidson, president of the Association of Universities and Colleges of Canada.

In May of this year, the University Alliance Metropolis Ruhr (UAMR), a consortium of three German universities, launched a Brazil office in Rio de Janeiro. The schools, Ruhr-Universität Bochum, Technische Universität Dortmund and Universität Duisburg-Essen, also have plans to open a São Paulo office. UAMR’s decision to open a Brazilian office was strategic, with a vision that goes far beyond simply filling its campuses with Brazilians. They want brainpower.

Specifically, the schools hope to foster “brain gain”: the opposite of the well-known term “brain drain”, which usually refers to the

scenario of national talent abandoning a home country in search of better opportunities, according to Christoph de Oliveira Käppler from Technische Universität Dortmund, who was for several years a visiting professor at the Federal University of Minas Gerais (UFMG). He notes that while the student population in Germany will decline in the future, Brazil offers a growing pool of students who can study, do research, teach and become experts in their fields. The search, therefore, is for embryonic talent. To attract candidates, some key barriers have fallen: flu-

**The number
of Brazilian
students
abroad has
quadrupled
since 2004**



UNIVERSITY OF TORONTO



1 2

in Latin America, and is currently eyeing Rio as a potential spot for its next office.

While schools are doing their part, governments are advancing bilateral governmental relations as well. The president of Germany, Christian Wulff, met with President Dilma Rousseff in May to discuss increasing academic exchanges between Germany and Brazil. The opening of the German House of Science and Innovation (DWIH) in São Paulo was among the announcements made during the visit. Then, it was Great Britain's turn. In June, a British trade mission to Brazil, led by Deputy Prime Minister Nick Clegg, also featured the British Minister of Universities and Science, David Willetts, who sought to strengthen educational links and scientific co-

Brazilians in the classroom create global perspective

operation with Brazil. The mission was welcomed by Brazilian Minister of Science and Technology Aloisio Mercadante and figures from academia, such as the scientific director of the funding body FAPESP, Carlos de Brito Cruz. During the visit, British government representatives announced 20 full scholarships for three years of study for doctoral students at the universities of Birmingham and Nottingham. In addition, the schools will offer a Fellows Program for three months to 20 junior lecturers or post-doctoral researchers currently working at Brazilian universities.

Experts in Brazil

Besides being potentially fertile ground for college recruitment, Brazil is also attractive because its students know the country better

than anyone else. As the developing country is always a topic of discussion, academic and otherwise, having Brazilian students in the classroom helps create a global perspective.

This is why the Brazilians are sought out by the Amos Tuck School of Business, a top 10 MBA program in the U.S., located on the campus of Dartmouth College. Until recently, the school hosted an average of about six Brazilian students per year. The current graduating class includes 19 Brazilians, comprising 5% of the entire class. Arriving on campus, these students quickly notice that the country is a hot topic, says student Thiago Teodoro. "Not only is the admissions office interested, but professors are interested in Brazil as well. They want to hear our perspective from Brazil, as well as other developing countries, so we can share our work experiences," he says. Thiago is head of Tuck's Brazil ambassador's program, a strategy



CANADIAN UNIVERSITY APPLICATION CENTRE

that relies on foreign students to spread the word about its programs to potential candidates from their home countries.

International education specialist Rosi Vieira, of the Canadian University Applications Center (CUAC), an office that represents Canadian universities around the world, also notes such interest in Brazilian students. She says that foreign professors typically praise Brazilian students for being very participatory and engaged students who lead discussions. To attract them, CUAC launched an office in São Paulo two years ago. The office promotes graduate and undergraduate programs and guides students through the admissions process. Additionally, foreigners with local diplomas typically do not have problems securing work visas in Canada,

Brazil is the 14th largest foreign student group in the U.S.

even during the job search, which has encouraged Brazilians to choose the country. Like the German consortium, the schools have selective admissions. The priority areas are civil, mechanical and electric engineering, and finance and management. McGill University in Montreal, for example, is promoting a master's in manufacturing management through the Brazilian CUAC office.

Need blind

When considering undergraduate and graduate study, Brazilians comprise the 14th largest group studying in the U.S., with 8,786 Brazilian students enrolled during the 2009/10 school year, according to the most recent data available at the Institute of International Education (IEE), linked to the U.S. Department of State's Bureau of Educational and Cultural Affairs. Additionally, during the 2008/2009 school year, the number of Brazilians in U.S. universities jumped by more than 15%.

Given the schools' efforts, this share should increase. For example, Yale University holds an event in Brazil each year to attract Brazilian undergrads. The school is among a small handful of universities in the U.S. that also offers need-blind admission to domestic as well as international students. Harvard is another such school. At a need-blind school, admissions officers literally turn a blind eye to a candidate's financial situation, and if the candidate is accepted, the university must offer grants, scholarships and other aid to cover costs. According to Jean Lee, Yale's Co-Director of

1 University of Toronto: Canadian eyes on Brazil

2 Windsor: university offers courses via CUAC

CANADA CALLING

CANADA IS the number-one destination for Brazilian students studying English. With key support from the Canadian government, which has been seeing negative population growth, the country has started to aggressively pursue young people interested in relocating to the country. One of these target countries is Brazil. In March, Canada sent 55 institutions to Brazil's Salão do Estudante fair, the largest student fair in Latin America, taking place in six Brazilian cities. The strategy seems to be working. The country received more Brazilian students than any other between 2002 and 2009. Although it is among the favorite destinations for Brazilians, Canada continues to make serious investment to remain high on the list. "We have to work hard to make sure that Canada tops the list when Brazil's best and brightest students choose an international institution," said Paul Davidson, president of AUCC. According to him, Brazil already produces two times as many PhDs as Canada, especially in areas of joint interest for the countries, such as clean energy, biosciences, and transportation. Moreover, seven of the ten leading research-intensive universities in Latin America are Brazilian. To help convince students to pack their bags, Canada also offers conditions for facilitated job searches and work authorization for international students.



1
SIMON BIERWALD | INDEED

1 The German Technische, attracting brainpower

2 Cruz, of FAPESP, and Willetts, of the U.K.

BAGS PACKED

8,767 Brazilians were enrolled in U.S. colleges and universities in 2010

8,000 Brazilians study at the university level in Canada

Approximately **750** of

18,000 Brazilian students in Australia study at university

3,500 Brazilians are enrolled in U.K. universities, out of a total of 19,000 Brazilian students



2
UNITED KINGDOM EMBASSY/HANDOUT

Admissions for International Students, undergrad applications from Brazilians have doubled in the last five years, and there are currently between 10-15 Brazilian undergraduates on the campus.

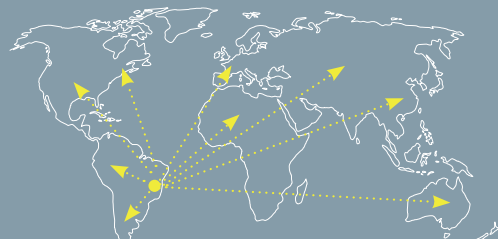
To effectively increase Brazilian presence also involves assuaging cultural differences. One example is related to cost of a good univer-

sity education. Outside Brazil, the best schools charge substantial tuition; in Brazil, the best schools are free. Another difference involves professional training. In Brazil, even first-year undergrads have the option of full-time, responsibility-heavy internships in their field. "In Brazil professional life starts while still in school," says Rosi, of CUAC.

"My job is to help candidates understand that the model in Canada is study first, and then begin a career."

Another challenge is recognition of credits earned abroad. Brazilians returning with a foreign undergraduate degree often report that graduate schools may not recognize credits, particularly if the undergraduate degree is from a different academic area. Rosi says that many students pursuing foreign undergraduate degrees recognize the difficulty in reconciling the educational systems, and oftentimes make a preemptive choice to remain abroad for a certain period of their careers.

Not surprisingly, the interest in Brazil is a reciprocal one, and the reverse trend is also growing. Since the launch of the Harvard office, more than 450 students from the university have traveled to Brazil for research and academic activities. In 2010, the U.S. sent a total of 2,777 students to Brazil, a trend that is steadily increasing. Therefore, Brazil should soon be among the top 20 destinations for worldwide study, which will further internationalize its schools and its talent. ■



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Short-sighted view

Brazilian companies need to change their business mindset and make a long-term commitment to international markets

ALEX PIPKIN*

There is no denying that domestic economic growth, favored by stability, has triggered new business opportunities in Brazil, due to the prospect of GDP growth of around 5% by 2015, rising purchasing power and credit growth. This gives rise to the perception that the international market appears to be a less important item on companies' agenda of priorities, which is a real shame for a country that hopes to become one of the leading five global economies over the next few years.

To achieve this target, Brazil will have to overcome the challenge of internationalizing its companies. Variables such as an over-appreciated local currency and questions related to the "Brazil cost" are frequently used to justify our low international exposure. And of

course, these are inhibiting factors. However, I believe the real reasons lie within the organizations themselves, which lack, above all else, a long-term strategic commitment to international markets. There is some short-sightedness over the need for internationalization and its repercussions, especially related to the process of learning new practices.

It is a shame that the global market still seems smaller for Brazilian companies

Global competition is fueled by the speed of technological innovation and a greater overlap between countries. In such a movement, those companies that internationalize their operations acquire a global vision of their markets, while also becoming more competitive at home. But, to do this, they urgently need to rethink traditional concepts and open themselves up to innovative models!

An international strategic plan is a necessary instrument to guide the

decision-making process: Which markets to enter? What products to introduce? A plan will reduce the risks assumed and, in this context, the famous 4P (product, place, price and promotion strategies) should be equally innovative.

Product

In terms of product strategies, the concept of value innovation is what counts. This means creating and offering products and services that eliminate or reduce attributes less appreciated by clients (reducing costs) and adding and creating new attributes that are appreciated but which aren't yet offered in the market. It is clear that, in order to be successful in this initiative, a company needs to develop a strong and lasting link with its clients so as to better understand their needs.

In terms of distribution strategies, the key is to increase the control of the international sales and marketing channel, managing, whenever possible, strategic attributes such as the adaptation



of products and services, their quality, the customer service and post-sales processes and the delivery deadlines. To do this, companies with international success usually go beyond merely placing their products on international shelves. How do they do this? Via direct external investment (a risky choice that demands high investments and assuming a high degree of risk, making it an option for only a few) or via a strategy of collaborative relationship with an external partner. Here, you have to change the conventional mindset and perceive the importance of collaborating in order to compete better. Acquiring resources and capacities independently, in terms of technology, production, logistics, sales and finances, frequently exposes the company to risks or consumes major time and resources. In the proposed relational strategy, a Brazilian company would join forces with a foreign company established in the target market, which would provide it with said resources and

capacities in its territory. In turn, the partner firm would gain access to the market of its partner in Brazil, already with a structured sales channel and know-how of local idiosyncrasies. Both achieve more with less, share costs and risks and increase the probability of success.

Digital tools

In terms of the international sales proposal (whose objective is to introduce a company to potential clients), there is no more effective instrument than trade fairs, which enable a live, in-loco presentation of the differentials of each product or service. The costs of investments in the brand and image of a product abroad could become very high if conventional mar-

keting tools, such as media advertising and sponsoring events, are used. However, thanks to the growth of social networks, communities and blogs on the Internet, companies also have the opportunity to learn and study international markets and their preferences using cheap digital tools. And the appetite of Internet users for new things is insatiable.

A partner in the target market could help reduce international expansion costs

Finally, price strategy is crucial to a company's market share and profitability. We are basically talking about old recipes reinvented for new times. And they remain crucial to Brazilian companies keen to embark on

the internationalization challenge, in order to ensure their survival and continued growth in a constantly changing scenario. ■

**Professor of Foreign Trade Course at Unisinos, author of the book Marketing Internacional: uma abordagem estratégica, 3rd edition, Edições Aduaneiras*



SPOILT

A dog's life

ONE SEDUCTIVE DETAIL of the Rio de Janeiro Sofitel hotel reveals its impeccable service and French origins: it is one of the few in Brazil to accept dogs. There are, of course, some restrictions: only small dogs may stay at the hotel, and rooms are only offered on the first floor – where the apartments and suites have bigger verandas.



BIA PARREIRAS

CHECK-IN

Flying high

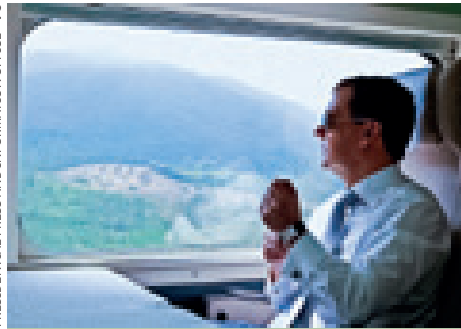
- **MALAYSIA AIRLINES** was a pioneer in banning babies from flying first class, following complaints by disgruntled passengers who didn't want to hear a baby crying on flights for which they had spent a lot of money to ensure comfort, space and luxury service. Babies can still travel executive and economy class.
- **THE FIRST** flex-fuel commercial flight (a Lufthansa Airbus 321) will start operating the Frankfurt-Hamburg route in this European summer. It will be quite an experience: one of the engines will use regular kerosene jet fuel, while the other will use biofuels. Qantas (Australia), Air New Zealand, Virgin and Boeing are considering using at least 5% of Australian ethanol in Oceania aircraft by 2020.

HOLD ON!

From camels to Ferraris

ABU DHABI, THE capital of the United Arab Emirates, adopted the Disney recipe to compete with the neighboring Dubai and Doha: it opened the first Ferrari World, a theme park in the shape of a desert racetrack, focused on race driving and the unmistakable Ferrari symbol. Those going to the Formula 1 race in November will have the chance to see that this liberal and relatively progressive island in the Gulf region (Shakira gave a show there, and didn't have to wear a burqa) wants to attract the globalized middle class by offering the chance to drive Ferraris at speeds of up to 300km per hour (in the simulator), ultra-modern kart tracks with air conditioning and the world's fastest rollercoaster (0 to 250km per hour in just four seconds!)

2
PRESIDENTIAL PRESS AND INFORMATION OFFICE



1 Ferrari World: top-notch rollercoast

2 Russian premier Dimitri Medvedev: riding the Chinese TAV train

WOW!

Shanghai Express

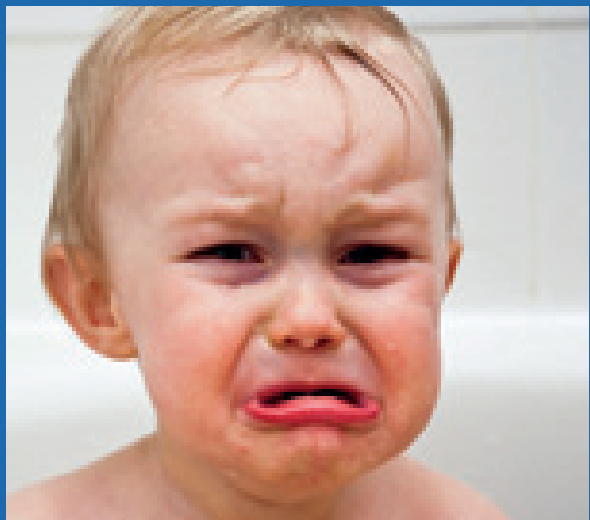
THE HIGH-SPEED CHINESE

train linking the country's two main cities (Beijing and Shanghai) started commercial operations in July, covering a distance of 1,318km in an incredible 5 hours. Prices vary depending on the speed. The best seat on the 300km per hour train costs US\$270 (entitling you to onboard meal service, red leather seats and space equivalent to first class flights), while the 250km per hour trains charge US\$63 for comfortable second class seats.

1
KYLE FLOOD

• **THE WORLD'S** third longest route (13,804km from Sydney to Dallas) is now offered on direct Qantas flights lasting 15 hours and 25 minutes and using Jumbo 747 400ERs. The two longest direct flight routes are flown by Singapore Airlines: Newark-Singapore (15,345km in 18 hours and 50 minutes) and Los Angeles-Singapore (14,114km in 18 hours and 5 minutes), both using A 340-500s.

• **AN IATA** (International Air Transport Association) survey taken with 125 companies revealed at least 75 cases of onboard electronic interference in the last 6 years. In 26 cases, wireless devices used by passengers (cell phones, laptops, iPads) interfered in critical systems such as landing gear, autopilot and power throttles. Maybe it's a good idea to check out your Facebook at home next time...



KYLE FLOOD

Luanda, Angola

by Júlio Cruz

DIRECTOR OF INVESTMENTS AT Odebrecht Angola, the main division of the Odebrecht group in Africa, Júlio Cruz (46, economist), an 18-year veteran at the company, has already lived and worked in Venezuela, Ecuador, the Dominican Republic and Panama.

For four years he has witnessed at first hand the rebirth of Angola and its capital city. Founded by the Portuguese in 1575, Luanda attracted people from all over the country for almost 50 years, while the War of Independence and, later, the Civil War raged on. Nowadays, it is home to 5 million people from different Angolan ethnicities – and is receiving more and more Brazilians keen to do business there and participate in the country's reconstruction process.

In his spare time, in addition to reading and playing soccer with his workmates, Júlio likes to go jet-skiing on the beaches of Musulo Island. In this edition of Express Tourism, Júlio indicates some of the best places to visit in Luanda – for those who like history, culture, wildlife, shopping and more.



LETÍCIA KORNDOFFER



1 Luanda seen from Cape Island: in reconstruction

2 Benfica Market: statues of Angolan women...

3 ...and engraving of the endangered palanca-negra antelope

ROBERTO ROSA
1



LETICIA KORNDOFFER

If you have a few hours...

EVEN THOSE PEOPLE WITH only a few hours to kill should take the opportunity to walk through the streets of Luanda. The Angolan economy is one of the fastest-growing worldwide, and it is a remarkable experience to observe the reconstruction and restoration of the city after more than 50 years of war.

Upon leaving the airport, take a walk down the city's broad and modern avenues until reaching the city center, and then go up the narrow alleys from colonial times that lead to the old Portuguese fortress. Despite still being in the process of restoration, the fort offers a sumptuous view of Luanda Bay, the contours of Avenida 4 de Fevereiro and the home of the National Bank of Angola, with its colonial architecture still intact.

To buy local handicraft, the Benfica market, to the south of the city, offers wooden sculptures and women's clothing accessories. Two images of Angola are emblematic: o Pensador (the Thinker) and the imbondeiro, the tree that is the symbol of the country (and which Brazilians call baobá – i.e. baobab). But be careful: to get through customs when leaving the country, each item must feature a seal acquired at the Benfica market. For shopping in general, visit the Belas Shopping mall in the Southern part of Luanda.

If you have the whole day...

ANGOLA WAS A PORTUGUESE colony for 500 years, all the way up until 1975. For a long time, the Portuguese used to take Angolans to work as slaves in Brazil. The Museum of Slavery, located on the seaside in a construction dating back to the 19th century, recalls a little bit of this history in the form of paintings and artifacts. It is a privileged place to stop a while and reflect on the historical and human ties between Angola and Brazil.

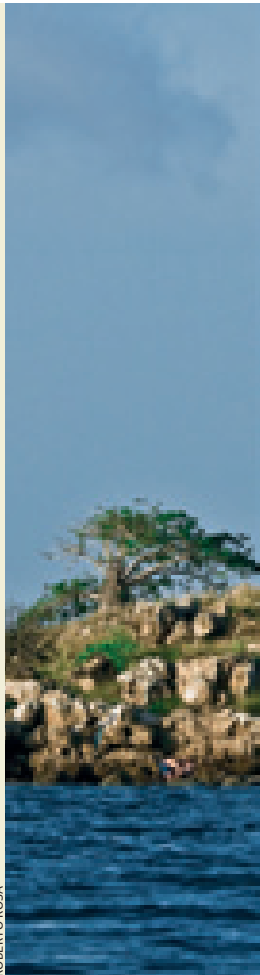
As a European colony, the wealth of Angola was such that, on the eve of its independence, the country was the world's fourth largest producer of coffee and diamonds, and a major supplier of iron and oil to the international market. I also recommend taking a stroll through the Iron Palace (on Rua Direita, in the center of the city), with its metallic prefabricated structure designed by the French engineer Gustave Eiffel, to feel a little of the exuberance that once reigned in the country. Totally restored to its original state, it is expected to be home to the future Diamond Museum.

But other riches of the Angolan universe are also notable. Culturally, Angola is home to dozens of races with ancestral habits and beliefs – and this mosaic is on display at the National Anthro-

pology Museum, which features ethnographic collections stored in a magnificent colonial house (also in the city center). Wildlife buffs should visit the Natural History Museum, where you can find examples of species such as the Palanca Negra, an antelope found only in Angola and which is on the verge of extinction. That could all add up to a lot of visits for just one day: but each visitor can choose the day that suits him/her best.

When hunger finally sets in, it would be a shame not to try at least one national dish, despite the fact that Luanda boasts splendid restaurants offering international cuisine. The Cajueiro (Belas Shopping mall) and Tambarino (city center) restaurants serve up delicious and attractive versions of fungi (a variety of the Brazilian pirão fish stew) served with meat or fish cooked in sauce, calulu (similar to Bahia's caruru, i.e. pigweed, with sundried meat or fish, okra and dendê, or palm, oil), and kizaca (made of cassava leaves stewed in peanut butter, similar to the maniçoba that comes from the Brazilian state of Pará), as well as other culinary delights. Then, to enjoy the view of the sun setting over the Atlantic, take a calm walk down the beachfront to the shore of Cape Island.

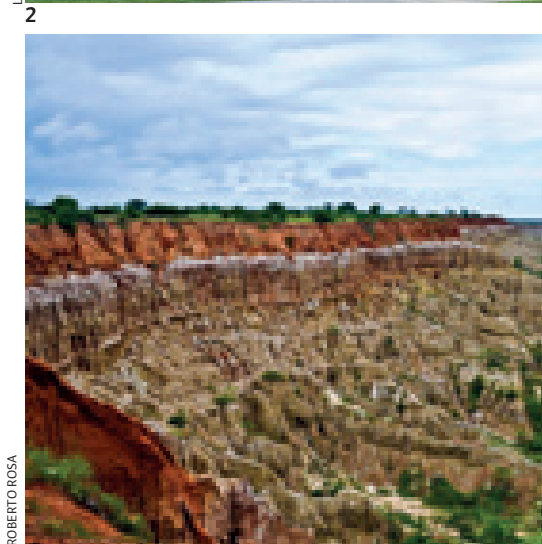
ROBERTO ROSA



LETICIA KORNDOFFER

ROBERTO ROSA





1 Museum of Slavery: historical remembrance

2 Iron Palace: inherited from rich colonial days

3 Viewpoint of the Moon: African landscape

4 Mussulo: calm waters and water sports

5 Coconut's: restaurant in Cape Island

If you have the entire weekend...

IF YOU ARE IN the city center of Luanda, it is worth taking a look at the Mausoleum of Agostinho Neto, leader of the Angolan Independence Movement and the country's first president. The mausoleum was a gift from the former Soviet Union to the Angolans, who keep the mortal remains of Agostinho Neto (a national hero) there. Another monument recalls the Heroines, Angolan women who fought in the War of Independence. Afterwards, take a pleasant stroll around the city surroundings. The Quiçama (also known as Kissama) National Park is a protected area of 9,500km² between the Atlantic Ocean, the Kwanza River and the Longa River. There, you can get on a jeep and see up-close elephants, giraffes, dwarf forest buffalos and countless species of birds, as well as rich and varied vegetation (swamplands, tree savanna and dense thicket).

The Miradouro da Lua (Viewpoint of the Moon) also attracts curiosity. It is a group of irregular and scarily arid cliffs. From the top, you can look out onto the blue ocean waters and see a stunning sunset. For those of you who like beaches and fishing, I recommend Mussulo

Island, in front of the Angolan coast. On the continental side, the beach has lots of coconut trees and its calm waters are ideal for water sports. You must also visit Barsulo, a cozy place to take a drink and try an appetizer. On the ocean side of the island, the sea is more treacherous and the white sandy beaches are almost deserted (in fact, they are inhabited only by native fishermen).

After a trip to the beach, I recommend a night out at Cape Island, which offers the best restaurants and nightclubs. Suggestions: Chill Out, Miami Beach and Lookal (three beachfront restaurants that become discotheques after 11pm, with African and European DJs and an open-air dance floor). Another tip for live music lovers is Zoda Bar, a restaurant with outdoor tables and excellent live music in Talatona (to the South of the city). And it is always worthwhile checking out the events on display at the recently revamped National Theater, which offers dance, music and theater shows. The Theater is part of the Chá de Caxinde Cultural Association, the most traditional in Luanda – and another place worth visiting at any time of the day.

First client

Diego tells us how a start-up IT company decided to set up shop in the financial capital of Europe

IN ADDITION TO BEING THE MOST populated and important city in the UK, London is also the financial center of Europe. Its vibrant cultural diversity, the clash between old and new and the presence of the largest global organizations make it a cauldron of ideas, where new concepts and products are created and taken to the market in a matter of weeks... "faster and faster!" And, believe it or not, pubs are the most efficient business environment. It is there, away from the stuffy formality of offices, that relationships are effectively forged, between one pint and another (a pint is a 568ml glass of beer!).

Did I come to London just for the beer? Partly, I think... I am co-founder of Pandorga Tecnologia, a Porto Alegre software development company. Founded in 2006, Pandorga excelled in the TecnoPUC incubation process, posting average annual growth of 100%. Even when we first conceived the company, we already had the dream to take it global. Transformed into a plan, the dream began to take off in 2008 when we started attending international technology fairs, such as CEBIT in Hanover (Germany). This was when we met the competitors of the BRICS and realized the strong entry barriers in the European market. We had no networking, we had no knowledge of local culture, we had no first client!



DIEGO EICK MOREIRA/PERSONAL COLLECTION

Diego, in the street where he works: in the financial heart of London

OK, let's think simple! The plan changed: we decided to send a representative to live, study and work in London for a few months to delve into the local culture and make the necessary contracts to obtain our first client. And it worked! In less than 6 months we had signed a partnership to provide services to a major technology company. And in May this year, only 12 months after the start of the new plan, we opened our office in the City – the financial and business center of London. We also signed a new contract with a group of investors from Europe and Asia to develop software for handheld devices (iPhone, iPad, Windows Mobile) and IP Phones.

We made numerous investments to comply with the requirements of the British market, especially in quality and communication. To get round the language barrier, we standardized English as the official company language, even at our Brazilian headquarters; all internal matters, meetings, documents, etc, are in English. The success is the result of the efforts of each one of our employees. Only they know how challenging it was to discuss football over a cup of coffee. Another success factor was the unconditional support of SEBRAE and the British pro-investment agencies UK Trade & Investment (UKTI) and London & Partners.

The spectacular 2-week London summer no longer scares me; much less the winter months, when we forget that the Sun even exists. London is an organized and vibrant city, and is always on the go. And the people living there are polite, ethical and fair. What better place to take this first big step? The question now is: what will the next step be? ■

* Diego Eick Moreira is Managing Director of Pandorga Technologies UK.

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