

PIB

BRAZILIAN COMPANIES GO INTERNATIONAL

■ ■ CANDY FACTORY

Machines exported by Sao Paulo's Bralyx produce drumsticks, kibbehs, chocolate fudge candy and macarons worldwide

■ ■ MARKETS

Brazilian food producers want to reach Asia's new urban consumer

■ ■ INTERVIEW

Consul general Dennis Hankins says US-Brazil relations are sophisticated and don't just depend on governments

THE BRITISH BRAZILIANS

**What do ItaúBBA, footwear brand
Melissa and Rio Grande do Sul start-up
Pandorga have in common?
They have all chosen the UK
as their base for global growth**



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A young girl with dark, curly hair is smiling and looking off to the side. She is wearing a yellow t-shirt under dark blue overalls. In the background, a large white wind turbine is visible against a clear blue sky. The bottom of the image features a decorative graphic with overlapping blue and green curved shapes.

**ELETROBRAS is committed to
generating clean and renewable energy.
The majority of the energy produced by
the company derives from these sources.**

Through the Alternative Energy Source Incentives Program (Programa de Incentivo às Fontes Alternativas – PROINFA), a total of **52** wind power projects have been put into action, spurring the still nascent industry's development throughout Brazil.

19 Because of the program, another biomass thermal stations, powered by rice husks and sugarcane bagasse, are in operation with the support of ELETROBRAS.

More than **30** Megawatt Solar projects, using solar photovoltaic panel technology are under development in Brazil.

ELETROBRAS is one of the leading producers of electric energy in Brazil. In this light, it is encouraging to know that a substantial portion of this energy stems from clean and renewable sources. In addition to tapping hydroelectric power, one of the cleanest known sources of energy, ELETROBRAS is engaged in wind, solar, and biomass generation projects as well, an effort aimed at diversifying Brazil's energy sources and leveraging the related industries. These initiatives have helped transform the Brazilian energy grid into one of the industrialized world's most renewable systems. **It is for these reasons that ELETROBRAS's work stretches as far and wide as Brazil itself.**

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HANDOUT

HANDOUT



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Improved US-Cuba relations create good prospects for Brazilian companies in Cuba, but risks persist

PETER HAKIM



HANDOUT/ CONSULADO DOS EUA/JOÃO COSTA



48 INTERVIEW

Consul general Dennis Hankins says sophisticated US-Brazil trade relations should generate more business, despite crisis

NELY CAIXETA AND ARMANDO MENDES

The London magnet

A handful of very special companies provide the cover story of this edition (starting on page 34). Different in many aspects, they share one common trait: they chose London or the UK as the base for their internationalization in Europe — a path that is attracting more and more Brazilian multinationals, who appreciate the favorable business environment there and benefit from the British government's policies for attracting foreign investors.

On the other side of the world, Asia — especially China — has become a magnet that attracts Brazilian food producers. Even if China doesn't maintain, over the next few years, the double-digit growth rates of the recent past, an immense and profound process of urbanization is creating a Chinese middle class avid to consume more processed foods. Companies like JBS and BRF, two meat processors, are making moves to capture a piece of this market, alongside coffee and orange juice producers. Starting on page 24, we tell a bit of this story.

On the subject of food, we share with readers one of the surprises we discovered upon tracing small and mid-sized Brazilian internationalized companies: a plant that makes the machines to produce drumsticks, codfish balls, chocolate fudge candy, kibbehs and candies. Bralyx, from São Paulo, is doing very well in the international market, as we see from page 52 onwards.

In this edition's interview, the US consul general in São Paulo, Dennis Hankins, who is shortly stepping down, affirms that the strong Brazil-US economic and commercial relations do not just depend on contacts between the two governments. Relations continue to prosper thanks to the choices of businessmen, tourists and students who are increasingly traveling from one country to another. And finally, Venice, presented by the architect Patricia Anastassiadis, is the city that will enchant travelers in our Express Tourism section.

Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL



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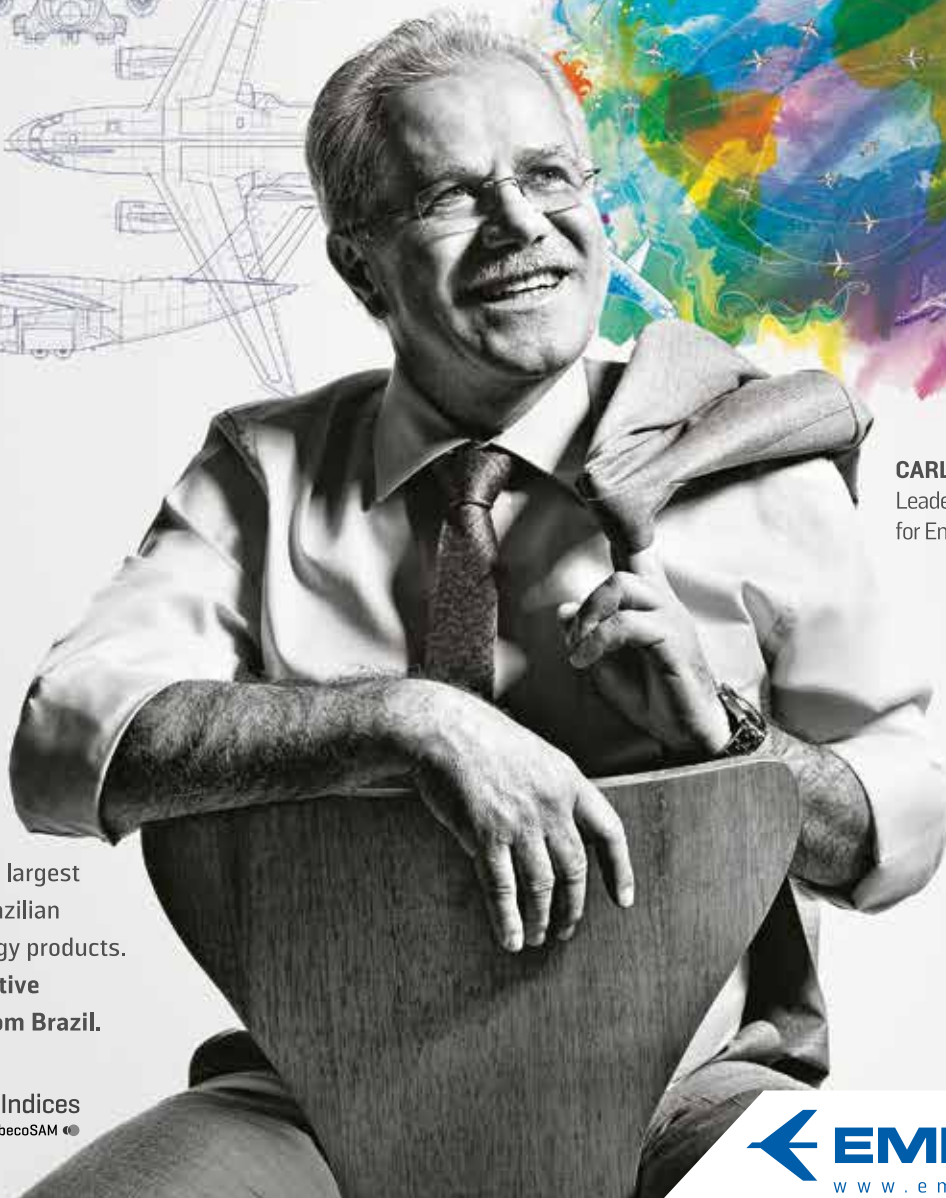
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We develop and export products
to more than 60 countries.

We drive the economy bringing Brazilian
technology to the whole world.



CARLOS GRANDI

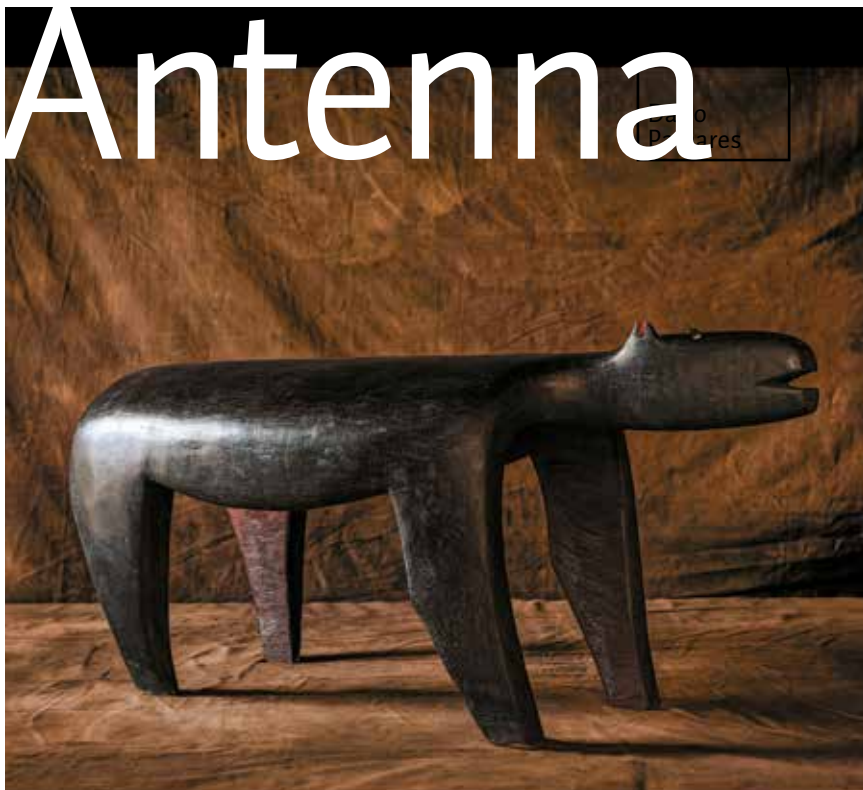
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Antenna



Milan Fair...

Ranging from the indigenous tradition to the most up-to-date style could be the motto of the Brazilian design show called *MADE a Milano* that will take place at the same time as the *Salone Internazionale del Mobile*, the famous furniture and design exhibition held in Milan in the third week of April. Pieces by highly-rated designers and new talents will appear side by side, as well as a collection of 10 indigenous benches that evoke the deeper roots of the Brazilian furniture art. The show is being coordinated by Waldick Jatobá, creator of the *MADE* art and design market (Mercado de Arte e Design) who is promoting an exhibition outside Brazil for the first time. Hugo França, Claudia Moreira Salles and Domingos Tótorá are some of the names who will be present, along with brothers Fernando and Humberto Campana who will be responsible for one installation. Marcio Kogan will design the meeting and leisure point that has been set up at the temporary pavilion in the Palazzo Litta, where the salon will take place. Over 30 young designers were also selected to take part in the exhibition, including Ana Neute and Rafael Chvaicer, Zanini de Zanine, Rodrigo Silveira and the *Estúdio Fetiche*.

1



2



3

Italian debut

A table in stainless steel, glass and wood, called *Mesa Serra Pelada*, will be the highlight of the Saccaro furniture producer's stand in the *Salone del Mobile* event to be held in Milan in the second half of April. It is the first time that Saccaro — from the southern Brazilian town of Caxias do Sul — will take part in what is the world's most important design fair. Besides the *Mesa Serra Pelada* table, created by designer Roque Frizzo, Saccaro will also show other lines and collections of its brand. The company has been in existence

for 69 years (30 of which have been spent manufacturing furniture by respected designers). The debut in Milan is the culmination of an overseas expansion process that has already passed through fairs in Dubai and New York. The company's furniture had already been shown in almost 20 countries, with brand stores in Miami, Mexico City and Santa Cruz de la Sierra in Bolivia. It is also present in multi-brand stores in other countries. Exports represent 20% of Saccaro's total sales and expanded by 22% in 2014.



6

...and awards in Munich

Marcio Kogan was also one of the six Brazilians who left the BMW Museum in Munich at the end of February with one of the most highly coveted international architecture and design prizes: the iF Gold Award. This is the maximum level of the highly-regarded German iF Design Award competition. A total of 43 Brazilian competitors received awards in various categories. This was a record Brazilian participation in the competition that has been held since 1953. The projects that won the IF Gold award range from the architecture of a Livraria Cultura bookstore in São Paulo by Kogan's mk27 studio, to the Initials typography, created by Casa Rex from São Paulo — a font that uses contemporary themes to represent illuminated medieval writing. The top prize was also awarded to the following: a project for the Camper store, made by the Atelier Marko Brajovic; the Ani lighting fixture, created by Pascali Semerdjian Arquitetos; the layout project of the Palíndromo #3 magazine, by Greco Design from Belo Horizonte; and the animation War on Drugs, created by Marcello Serpa. Two Brazilians, designers Marcelo Rosenbaum and Gustavo Greco, were members of the iF Design Award 2015 international jury.

1, 2 and 3
Indigenous
benches and
lampshade:
expo in Milan

4 and 5
Cultura
bookstore in
São Paulo and
lampshade:
awards in
Germany

6, 7 and 8
Saccaro
furniture and
store: at Milan
showroom

4 5



PICTURES: HANDOUT



7

8





Blue Tree Hotels' novelty: the charm of events or leisure in the countryside, 30 minutes from São Paulo

The Terras Altas is able to receive large corporate events and also guests for days of leisure, rest and entertainment. Next to Embu das Artes, in a large green area, the hotel offers rustic charm, special services and gastronomy of unforgettable flavors.

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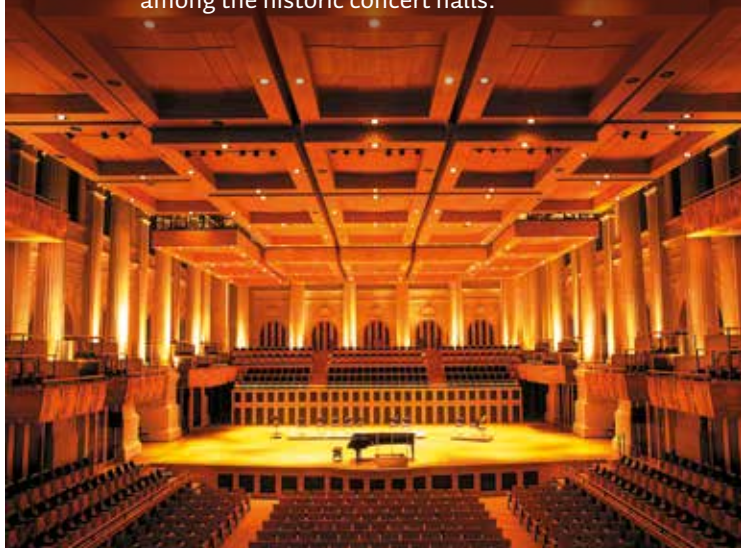
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Concert hall hits high note

The Sala São Paulo where the São Paulo State Symphonic Orchestra (Osesp) performs, is among the 10 best concert halls in the world, according to a list published by the British newspaper The Guardian at the beginning of March. The hall is located near the Estação da Luz railroad station and the Pinacoteca do Estado museum in the downtown area. The list was drawn up by acoustics engineer Trevor Cox who highlights the Sala São Paulo's movable ceiling that helps change the acoustics depending on the kind of music the orchestra will play among its strong points. The Brazilian representative is in distinguished company. The list also contains the Berlin and Paris Philharmonie and the Tokyo Opera — among the modern concert halls — and the symphonic auditoriums of the Vienna Musikvereinssaal and the Boston Symphony Hall, among the historic concert halls.



2



Portuguese opportunities

When times are tough, the external market can become more attractive. Globalis, a São Paulo company whose main activity is managing corporate travel and events, decided to internationalize some of its operations by opening of an office in Lisbon in February. Globalis identified a gap in the European market to attend corporate clients interested in this kind of service. Reginaldo Albuquerque, a partner director in the company, said it had started with four employees in Lisbon and was investing US\$ 2.5 million in the international project. The location in the Portuguese capital is also strategic for the firm's next steps on the foreign market, the opening of offices in the former Portuguese colonies of Angola and Mozambique.

PICTURES: HANDOUT

Gold and precious stones from Minas Gerais to the world

1 Sala São Paulo: one of world's 10 best

2 Albuquerque, from Globalis, now in Lisbon

3 Bernardes: eyes on Hong Kong

Selling jewelry in Russia is subject to a lot of demanding and detailed requirements, as Manoel Bernardes, the president of the gem store that bears his name in Belo Horizonte, discovered. The market is closely regulated by the local authorities — a heritage, perhaps, from the fascination the imperial Russian court had for the most extravagant jewelry from Europe. The Russian inspectors check the gold content of each jewel and have

zero tolerance for defects. The gemstones used cannot have any flaws, for example, and every piece of jewelry sold in Russia

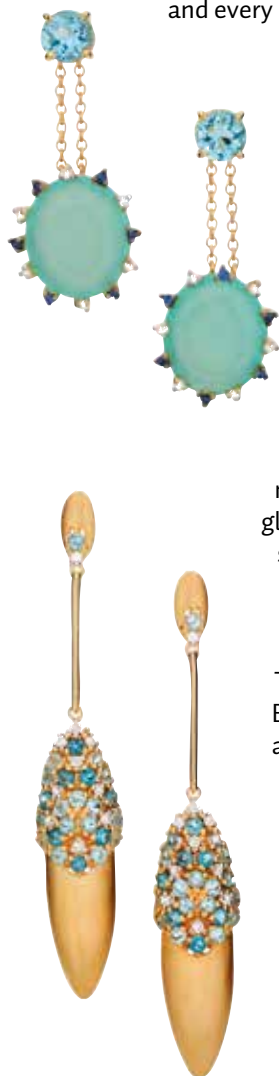
receives an official stamp attesting to its quality. The company was founded in Minas Gerais state in 1944 by the family patriarch and is one of the main distributors of Brazilian gems worldwide.

It began going international in the 1970s and exports now account for 25% of total revenues (which Bernardes will not reveal). He said the global jewelry market was shifting towards Asia, with Hong Kong the current epicenter of the colored gemstone trade. This is where Manoel Bernardes is now focusing attention. Ninety percent of the company's total exports consist of colored gemstones which are supplied to wholesale companies and jewelry manufacturers, mainly in Asia, the United States and Germany. The remaining 10% have been created and

manufactured by Manoel Bernardes himself and are sold in retail outlets at between US\$ 2,000 and US\$ 4,000 apiece. Russia is one of the main markets. A distributor called *Gold of Brazil* which is located in Saint Petersburg, the former imperial capital, supplies 80 jewelry stores throughout Russia's immense territory. (The Middle East and the United States are also big jewelry buyers.) Bernardes says the Russian have a different preference when it comes to jewelry. Hearts and religious symbols, for example, are not a great success in Russia.



3





1 HANDOUT

The US wants investments

Around 50 representatives of 25 Brazilian companies took part in the SelectUSA Investment Summit held in Washington at the end of March. The meeting brought together companies interested in setting up operations in the United States with the American federal government and representatives of state and municipal governments which want to attract foreign direct investments. The Brazilian participants included Embraer — which has plants in the US and whose CEO, Frederico Curado, gave a presentation at the event — Braskem, Coteminas, the American Chamber of Commerce in Brazil (AmCham) and the Federation of Industries of São Paulo State (Fiesp). President Barack Obama opened the Summit by inviting the business leaders from around the world to invest in the United States, the country which receives most foreign direct investment in the world. Brazil was in ninth position among those countries that most increased their investments in the US between 2009 and 2013. During this period, the stock of Brazilian investments in the US jumped from US\$ 7.3 billion to US\$ 14.8 billion, easily overtaking the other BRIC countries (Russia, India, China and South Africa).

Brazil vs. US: less bureaucracy...

Brazil and the United States have made progress in the adopting measures to boost trade between the two countries. The Brazilian foreign trade secretary, Daniel Godinho, and US deputy undersecretary for international trade, Kenneth Hyatt, signed a bilateral memorandum on facilitating trade at the beginning of March, aimed at eliminating bureaucratic requirements and cutting costs and deadlines for companies involved in bilateral trade. The two governments will identify the most promising business sectors and discuss concrete initiatives to simplify commercial relations with representatives of the private sector. This step forward has already been reflected in the results of the visit by the development, industry and foreign trade minister, Armando Monteiro Neto to the United States in February — the first such visit by a Brazilian minister in president Dilma Rousseff's second mandate.

... and rules in common

Members of the bodies that set regulations and standards and representatives of the private sector of both countries met for the first time in the same Trade Dialogue round between Brazil and the United States — held in Washington. The Brazilian side consisted of the National Institute of Measurement, Quality and Technology (Inmetro) and the Brazilian Technical Norms Association (ABNT). These representatives and their American counterparts set up a working agenda in response to calls by Brazilian exporters and Brazilian and American multinationals. The sectors have been calling for a long time for the unification of technical standards and legal requirements that would subsequently allow companies to reach sector regulatory convergence agreements and mutual recognition. The ceramics industry is in the driving seat. The bodies that represent the sector in Brazil and the United States signed a protocol at the meeting that established stages to converge the regulation of the two countries through the harmonization of technical standards. Other sectors — including machinery and textile equipment — have already started discussions in this direction.

Guide to the creative economy

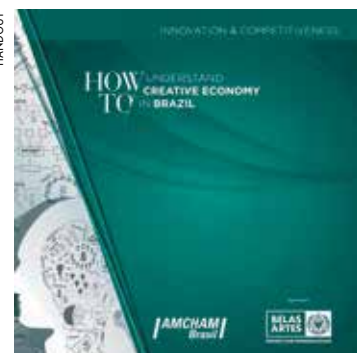
Meanwhile, the American Chamber of Commerce in Brazil (Amcham-Brasil) has launched a guide for investors and companies from the United States interested in taking part in Brazil's creative economy. This is a broad sector that includes the arts, cinema and video, advertising, games, fashion, design, architecture, etc. and accounts for up to 2% of GDP. The guide entitled "How to Understand Creative Economy in Brazil" is part of the "How to..." series published by Amcham to answer questions from potential investors on Brazil's economic sectors and regions. The guide not only presents a historical overview of the sector and its institutions but also presents a list of cases, initiatives and hubs that are representative of the Brazilian creative economy.

Partnerships for infrastructure

Latin America and the Caribbean are more receptive to initiatives of Public-Private Partnerships for investments in infrastructure, as per the report *Infrascope 2014: Assessment of the Environment for Public-Private Partnerships in Latin America and in the Caribbean*, published in April. The report was elaborated by *The Economist Intelligence Unit* for the Multilateral Investment Fund (Fumin), linked to the InterAmerican Development Bank (IABD). Chile, Brazil, Peru, Mexico and Colombia lead the list of countries from the region with a better environment for infrastructure PPPs, as per the study.



GIORDANO CAPAROTTI





HANDOUT

Stefanini on the factory floor

One of Brazil's most internationally active companies, Stefanini — an IT services provider that operates in 34 countries — has announced that it is merging with IHM Engenharia of Belo Horizonte. The CEO, Marco Stefanini, says the merger will allow the two firms to provide large manufacturing companies with integrated services, ranging from traditional IT management applications to process automation. "The thinking is to become more deeply involved in clients' business. To do so, you have to understand what each one is doing. When we talk of manufacturing we are talking about industrial automation, processes, the factory floor," he added. IHM brings 20 years of experience in industrial projects to the joint operation, with a greater weight in the mining, steel, pulp and paper, and oil and gas areas. The two companies will continue to exist as separate brands but will start offering an integrated portfolio of products and services. The merger will speed up IHM's international expansion. Although it has already carried out projects abroad, it has remained a predominantly domestic company. Stefanini expects the two companies to start providing joint services to Latin American clients by the second half of this year and expand to other continents from next year. Stefanini's sales increased by 11% in 2014 and it expects to make new mergers and acquisitions this year.

2



NELY CAIXETA

Multidisciplinary engineers

Ninety students began new engineering course at the start of this semester at the famous Insper administration, business and economics school in São Paulo. There are three courses — Computing Engineering, Mechanics and Mechatronics — with 30 places available, 15 of which in each class will be open to students who gained an average mark of more than 650 points in Brazil's public high school examination known by its local acronym, the Enem. The Insper president, Claudio Haddad, found an innovative engineering teaching model at Olin College in Massachusetts. Haddad said that Insper would not only be providing a technical education but creating engineers with a "multidisciplinary mentality" capable of innovating, being entrepreneurial, creating products and managing projects. The model that has been adopted will allow students to face real problems right from their first year, develop the ability for team work and understand the challenges of engineering against a backdrop of the needs of people and the community. The students will divide their full-time studies between classrooms and laboratories located at the Insper campus in the Vila Olímpia district.

3 questions for Juan Quirós

1 Insper: multidisciplinary head for engineers

2 Stefanini: merger with IHM and integrated services

3 Quirós: "Better communication is needed"

Businessman Juan Quirós, who has been in charge of the agency that attracts investments to São Paulo state – Invest São Paulo – since the beginning of this year, believes it is not just enough to participate in events abroad to bring capital and entrepreneurs to Brazil. "You need to communicate better and show projects and opportunities," he said. Quirós was the head of the Brazilian Trade and Investment Promotion Agency (ApexBrasil) during the period when Luiz Fernando Furlan was in charge of the Ministry of Development, Industry and Foreign Trade. He spoke to PIB magazine about his plans for Invest São Paulo.

What is the agency doing to attract foreign investments?

We are starting to assess the aptitude of the municipalities of São Paulo state for investment and sent a letter to the mayors. I want to use my experience at Apex when we created commercial intelligence through a vocational analysis of each state to raise an export agenda and meet the foreign demand. This is because a natural productive vocation creates competitiveness. Every mayor would like to attract investment to his or her town and with good reasons. However, the municipal government often does not have the inclination for the investment and this leads to frustration or questions. The first thing we are doing then is to create a vocational map of the towns and cities. You send a letter, receive the replies and begin to see clusters within the state itself in relation to the leaning of each one – health, agribusiness, technology – to show to the potential investor.

How do you sell the state abroad at this time when there are threats of water rationing and questions over the supply of energy?

These situations fit in with what we want to do in relation to the inclination of the municipal governments. There are places with a surplus of water and

this provides an opportunity to explore. I received 15 mayors from one area in the Patrocínio Paulista region which has a water basin and no investments. So, if a brewer arrives I can say there are 15 towns that have water in the same consumer market. Instead of having problems with water, there is a surplus in this region. This means you can change the axis of development and exploit this opportunity.

Does São Paulo give priority to investments in certain sectors?

No. There is always room for more. We sit and talk with everybody. There is no policy restricting investments. In the past you would say you did not want a company that causes pollution. However, regardless of the investment, the environment is now of the essence to the company brand. It is now very difficult for a company to have a product that contaminates the environment. There is a consensus among investors who believe in the consumer market in Brazil. They see the opportunities which we often don't know about. For example, studies show that Brazil will be the biggest market for mobile phones in the world by far.

3
HANDOUT





1
HANDOUT

2

MICHEL WILLIAM

Yes, we have timber

The year 2014 was an exhilarating one for Brazilian exporters of timber products made from pine and eucalyptus. Foreign sales of sawed pine timber expanded by around 30% over 2013 to almost one million cubic meters in volume, according to a study by Tree Trading, one of the three largest sellers of timber products in Brazil. Exports of plywood rose by almost 10% and exceeded 1.2 million cubic meters.

“We have been preparing ourselves for this since 2013,” said Marco Tuoto, CEO of Tree Trading. “There were very strong signs from the American and European economies that this market would recover.” The appreciation of the dollar in recent months gave another boost to the competitiveness of Brazilian timber on the global market. Tuoto believes that an exchange rate of between R\$ 2.90 and R\$ 3 would be ideal for the timber business. The prospects for 2015 are even better and the company expects to increase its revenues by 50% this year. (Tuoto said he could not provide last year’s figures as the shareholders had not yet been informed of the results.) Some of this growth should come from Asia.

“Once the American, Mexican and Caribbean markets are consolidated, the focus will then switch to Asia due to the potential demand we see there,” Tuoto said. Nevertheless, there is still plenty of market to recover. Even with the growth seen in 2014, Brazilian exports of these products have still not returned to their peak of around US\$ 800 million registered in 2005 before the crisis. (Tree Trading estimates that total exports of sawn timber and pine plywood boosted Brazil’s trade balance by around US\$ 680 million last year.)

Tree Trading is based in Rio de Janeiro and is part of Tree Florestal, a company founded in 2012 to produce and export timber products for the construction industry and the manufacture of furniture and packaging. Half of its exports go to the United States and around 10% to Mexico and Central America. Countries in the Middle East, Europe and Asia make up the rest of the portfolio of international clients which currently buy almost 90% of the company’s production. Tree Florestal is controlled by the Ático Group, also based in Rio through the Ático Forestry FIP private equity fund.

Chileans invest in Brazilian retail

While Brazilian companies are expanding internationally, multinationals from neighboring Latin American countries are also trying to gain footholds on the Brazilian market. One of these, the Chilean retailer Cencosud announced that it was transferring funds of US\$ 350 million to its Brazilian operation at the end of March. This was done to reduce its exposure to the rise in Brazil's interest rates and cancel out the debt it had taken on in the domestic market. The Cencosud Group has been in Brazil since 2007 and controls regional retail chains in the states of Minas Gerais, Rio de Janeiro, Pernambuco, Sergipe, Bahia, Ceará, Goiás and Alagoas. The Chilean group has 370 establishments, including supermarkets, drugstores and electro-electronic stores, and is the fourth-largest retailer in Brazil.

The future lies next door in Colombia

Inoar Cosméticos from São Paulo believes the best place to invest in expanding exports and conquering foreign markets lies next door in Colombia where the São Paulo company is establishing a large distribution center. Inoar's international business manager, Waldeney Santos, said Colombia had been chosen because its economy has been growing at between 4% and 5% a year, with a sustainable increase in per capita income, at least 20 towns and cities, great consumer potential and 25,000 beauty parlors. Other outstanding points are its economic stability and geographical position which makes it an ideal springboard for other markets in Latin America and the United States. The capital, Bogotá, was chosen as the distribution center for Inoar's hair care products line. The company wants to have sales of US\$ 500,000 in the first year in Colombia and reach one million within three years. It currently has annual revenues of around US\$ 3 million from sales to 40 countries and the goal is to double this amount in the coming three years. (The company's total annual volume of business comes to US\$ 30 million.) Inoar plans to set up its first plant outside Brazil in Colombia in the future.

1 and 2
Order from
Tree Trading
and Tuoto:
rising sales

3 and 4 Team
and products
of Inoar:
opportunity
in Colombia



HANDOUT

4



HANDOUT

3

- | | |
|--|---|
| <p>1. Pacheco, from Cristália: mature markets</p> | <p>2. Nigro, from Aché, and Silanes: partnership in Mexico</p> |
|--|---|

Helleva arrives in Mexico...

México is the first export market chosen for Helleva, a drug for erectile dysfunction created and manufactured in Brazil by Laboratório Cristália of São Paulo. The drug arrived in the Mexican drug stores in March and was distributed by Cristália's local partner Probiomed. Mexico is the second-largest pharmaceutical market in Latin America and the launch of Helleva is part of an effort to expand Cristália exports from 6% to 10% of revenues this year. (Exports exceeded US\$ 5.4 million in 2014.) "We have been preparing for the possibility of increasing exports for some time," said Ogari Pacheco, the Cristália CEO who is also a doctor. He compares the pharmaceutical market to a plantation where the harvest only comes after the land has been prepared and planted. In the case of medicaments, this means investing in research and development, applying for patents and registering the products in key markets, a process that can take as long as 10 years. "The conditions we have been preparing for over many years are now coming to maturity and this gives us the opportunity and pleasure to be able to expand our exports." The laboratory has 76 patents and over 100 applications for new patents and registration of drugs are being analyzed abroad, Pacheco said. Cristália exports finished drugs — mainly anesthetics and antiretroviral products — and pharmaceutical input material to more than 30 countries in Latin America, Asia, Africa and the Middle East.

...as does Acheflan

Another medical product that was developed in Brazil — the anti-inflammatory drug Acheflan, produced by Aché Laboratórios — will be launched in Mexico. It is produced from an extract of Cordia Verbenacea DC, a plant found in the Atlantic rainforest. Acheflan is already exported to Japan, the United States, Peru and Chile. The drug will be distributed in Mexico by the local partner Laboratorios Silanes and Aché's aim is to gain 6.1% of the share of the market, which is estimated at US\$ 50 million, within five years. The partnership with Silanes has brought other interchanges. Aché has been selling one of the Mexican pharmaceutical company's drug for diabetes since 2009. In turn, Laboratorios Silanes has been distributing an Aché product to control hypertension in Mexico since 2010. The Brazilian laboratory has industrial units in São Paulo and Guarulhos (São Paulo state) and Anápolis (Goias state) and exports drugs to 12 countries in the Americas and Africa.



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Quickies:

OVER 230,000 BRAZILIANS TOOK PART IN INTERCHANGE PROGRAMS ABROAD IN 2014, 15% MORE THAN IN 2013. THE NUMBERS ARE OF BRAZILIAN EDUCATIONAL & TRAVEL ASSOCIATION (BELTA).

SHIRT MAKER DUDALINA OPENED A STORE IN STOCKHOLM IN MAY, ITS FIFTH STORE ABROAD — THE OTHERS ARE IN MILAN, THE CITY OF PANAMÁ AND ECUADOR (TWO).

NATURA IS THE MOST VALUABLE COSMETICS BRAND OF LATIN AMERICA, AS PER THE BRAND FINANCE COSMETICS 50 RANKING. NATURA ROSE FROM 17° TO 14° IN THE GLOBAL RANKING, AND WAS THE ONLY LATIN AMERICAN COMPANY IN THE LIST OF THE TOP 50 GLOBAL BRANDS.

BLUE TREE PREMIUM VERBO DIVINO WAS THE FIRST BRAZILIAN HOTEL TO RECEIVE LEED, THE MOST IMPORTANT INTERNATIONAL CERTIFICATION OF "GREEN" BUILDINGS.

Agribusiness at ApexBrasil

Brazilian agribusiness now has a seat on the supervisory board of the Brazilian Trade and Investment Promotion Agency, ApexBrasil. It will be the first time the sector has had two representatives on the board - one from the private sector through the National Confederation of Agriculture (CNA) and the other from the public sector through the Ministry of Agriculture and Fisheries (MAPA). "It is an important area for agribusiness that accounts for 40% of Brazilian exports and is only fair," said the Agricultural minister, Kátia Abreu.



Brazil-US business is booming



3

The flow of Brazilians moving to or doing business in the US is triggering demand for legal services that are starting to arouse the interest of firms and professionals in both countries. The Brazilian lawyer Giovanni Biscardi announced that he is leaving the Rio de Janeiro law firm Machado, Meyer, Sendacz e Opice, where he was a partner, to join the US firm Carlton Fields Jordan Burt. Mr. Biscardi will be based in New York and his functions will include providing advisory services to Brazilians planning to invest or do business in the US market, as well as, in the other direction, working with private equity funds interested in making investments in Latin America.

MICHAEL MURPHY

1 Coffee plantation:
agribusiness
strengthens ApexBrasil

2 Meeting in Havana:
Brazilian innovation
for Cuban sugar

3 Biscardi, from
New York: legal
services on the rise

1 2



Sugar business in Cuba

Cuba wants to revive its sugar cane productive chain and Brazil has products and services to offer. Companies from the Brazilian sugar energy sector were in Havana in mid-April to present the Cubans with Brazilian-made technology, innovation and equipment that could be used to modernize Cuban production. Eight Brazilian companies took part in the trade mission which was promoted by the Brazil Sugarcane Bioenergy Solution Project and organized by the Local Alcohol Productive Arrangement (Apla) and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil). A number of Cuban institutions that coordinate the sector in the country took part. The Brazilian organizers of the mission said 30 commercial contacts were made during the event that led to deals worth US\$ 250,000. The expectation is that business worth US\$ 129 million will come about in the coming 12 months.

Escape to the world

The phenomenon of companies expanding internationally as an escape from an unfavorable domestic situation has not passed unnoticed by researchers at the Columbia Center on Sustainable Development at Columbia University in New York. In one of its reports, issued under the Columbia FDI Perspectives series in March, Alvaro Cuervo-Cazurra and Ravi Ramamurti classified two categories of factors that can lead a company to become a multinational as a way of escaping from an unfavorable situation in its home country. In the first case, the researchers found that companies which carry out an institutional escape usually do so to escape from legal environments in which the laws are ambiguous and do not provide

adequate protection for property rights or are enforced weakly and only partly. The other category - discrimination escape - includes businesses that have left and set up in a developed market to escape from the negative image emerging countries may have and the view - rightly or wrongly - that emerging countries do not have comparable technological capacity, management and human resources with developed countries. The authors conclude that it is up to the governments of emerging countries to try and reduce the factors that encourage these escapes by improving the domestic business environment and, in general, adopting policies that favor competition in free markets, innovation and respect for intellectual property.

On route to Asia

The new urban middle class in China and other countries offers agribusiness a unique fast-growing market

ARMANDO MENDES

During a recent event promoted by the Brazil-China Business Council (CEBC) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil) on the prospects for Brazilian consumer products on the giant Asian market, a Chinese member of the panel spent five minutes singing the praises of Brazilian food exports. In the middle of the discussions on the difficulties of penetrating the Chinese market, the “Brazil cost”, the image of Brazilian products in the region and the differences in the food culture and Chinese palates, he announced in accented but understandable Portuguese: “We want lots of beef and lots of natural juice. The question is not whether we like Brazilian food products or not - we like them very much indeed!” He explained that the basic Chinese meal consists of 80% greens and 20% meat — usually pork. He then complained, claiming that “natural juice and meat is a luxury in China.

We know Brazilian beef is good and the juice is good but the price is very high which means it is not accessible to everyone”. What then needs to be done to open the Chinese market to Brazilian food products? “It’s very easy in the case of these two products; just have the right price,” he added.

JBS exports 11.8% of its meat production to China and its neighbors

For the producers, exporters and traders present, this declaration of Chinese liking of Brazilian products must have sounded like an injection of encouragement in their desire to reach the table and homes of Chinese consumers. This was the main theme of the discussions held in a hotel in the Jardins district of São Paulo. Successive speakers highlighted the business potential

offered by six kinds of food and other export items — beef, pork and chicken, orange juice, coffee and soybeans, as well as pulp and footwear. This grouping of products was the subject of a study made by the CEBC and ApexBrasil (Opportunities for Trade and Investment in China for Selected Sectors - 2015) and presented during the panels at the event (see box on page. 28). These products all share at least one thing in common:

consumption of all of them should continue to grow in the coming decade in China, driven by the rapid industrialization and urbanization the country is experiencing and the higher average income of the Chinese.

There is a growing urban middle class arising in China which is the world’s most populous country. This new class is ready to spend its





Perdigão in a Singapore supermarket

rants. These form the potential market which the Brazilian producers have an eye on. However, there are many obstacles. For example, Brazil cannot currently export meat directly to mainland China following a ban imposed by the Chinese in 2012 for sanitary reasons. (The ban was suspended last year but the two countries will need to reach an agreement on sanitary certification, which is still under negotiation, before sales can be resumed.)

The compensation on the other hand is succulent. JBS — the multinational meatpacker from the Brazilian state of Goiás which is currently the world's largest global food company — has its third-largest meat export market in China and neighboring countries. It exports all kinds of meat there. China and its neighbors are behind Latin America (15.9%) and Africa/Middle East (12.3%). Of the US\$ 16 billion export sales of beef, poultry and pork which JBS registered last year, 11.8% went to China and neighboring countries like Vietnam. This consolidated amount included from the sales side, not only exports from Brazil but also those from JBS plants in other countries, such as Australia, Uruguay and the United States. On the buying side, it takes into account sales to Hong Kong, the former British colony which is a big importer of Brazilian meat. The city was returned to China but has its own administrative system of government and has not adhered to the ban on Brazilian beef imposed by the authorities in Beijing.

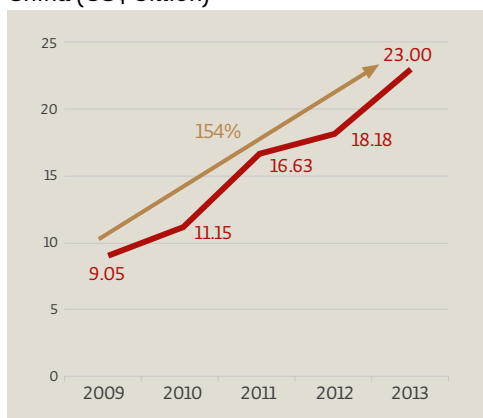
new income on goods that were previously inaccessible to most Chinese — including a better and more diversified daily diet. This process, which got underway several decades ago, is being speeded up by a directive from the government of president Xi Jinping, whose (10 year) mandate started just over two years ago. His government wants to switch the “motor” of Chinese economic growth from infrastructure investments to household consumption. Not even the recent relative cooling of the Chinese economy — with growth slackening to 7% after a long series of double-digit increases and could arrive at 6% to 6.5% next year — will be able to change the move towards urbanization, studies indicate. An estimated 260 million Chinese migrants are set to be incorporated into city life during this process, a figure that was quoted in the CEBC/Apex study. (Another estimate puts

the number of Chinese who will leave the countryside for the cities at 500 million by 2020/2002).

There are hundreds of million

GOING UP

BRAZILIAN AGRICULTURAL exports to China (US\$ billion)



Source: MDIC Production: CEBC

new city dwellers who will no longer produce their own food in the countryside but start buying it in supermarkets and frequent restau-

Therefore, the Asian region, driven by Chinese demand, is on the way to becoming JBS's number one global client in a short time — if the political and regulatory conditions allow it. “It will depend on the opening of the [Chinese] market to Brazilian beef,” said Jerry O’Callaghan, JBS’s investor relations director. Once this barrier has been lifted, he predicts that China will become the company’s main export market. “We believe the opening will greatly boost volumes,” he added.

The CEBC and ApexBrasil also believe the ongoing urbanization of the Chinese population means that exports of Brazilian agricultural products should continue to expand. This is a trend that has been occurring over a number of years. The value of these sales jumped by 154% between 2009 and 2013 — from US\$ 9 billion to US\$ 23 billion. The largest part comes from exports of soybeans which expanded by 43% over 2012 and amounted to over US\$ 16 billion. The figures confirm the potential of the Chinese market and, in turn, the Asian market, to absorb even more Brazilian food products. “The big question in Asia is not whether demand exists but how will I organize my supply,” said Marcos Sawaya Jank, BRF’s global director of corporate affairs. The BRF conglomerate of meat and processed food companies arose from the merger of the Perdigão and Sadia brands and it was one of the participants at the São Paulo meeting. “When it comes to food, you have to be in Asia at this time as it is the most promising region,” he added.

Jank moved with his family to Singapore at the beginning of the year with the mission of developing business in Asia and being the link with governments in the region. “We are a group with a strong export

presence in over 100 countries. At this time, we want to strengthen relations in order to make investments, partnerships, develop joint ventures and other operations. This means we have to accompany the local policy making in the countries.” To illustrate the volume of this market that Brazilian producers have paid little attention to, he makes a comparison. Half the world’s population — around 3.5 billion people — live in the geographical area between India, China and the Indonesian archipelago. This amounts to 15 countries that represent a small fraction of the earth’s land. “It is an immense number of people in a region with few natural resources. Ninety percent of the consumers in this region still only have limited or no access to Brazilian meat.”

Meat eating in general is not a strong point in China and its

The challenge is to make Brazilian products better known in Asia

neighbors, particularly beef which is the most expensive. The most commonly consumed animal protein in the region is pork by a long way, followed by chicken. However, Jank says that annual per capita consumption of the three kinds of meat in South and Southeast Asia is still equivalent to only one fifth of Brazilian consumption. O’Callaghan says the Chinese consumed a per capita average of 3.4 kg of beef in 2013. This is below the global average (6.6 kg) and much lower than the figures for Brazil (30 kg) or Argentina, the world record holder (42 kg) in the same year.



These amounts should grow with urbanization and the higher income of the Chinese population. However, what needs to be done to surf this wave? Sanitary certification and trade agreements are essential to open the countries to Brazilian products — two steps which depend on diplomatic action by the government. The third step to enter the Asian markets is to

promote business and the image of the Brazilian products. In this stage, private producers and the government need to work together to make “made in Brazil” products better known and certify that they are reliable from the sanitary point of view. This is absolutely fundamental in a market like China where the food production chains have often not been modernized at the same speed as the country’s social and economic changes. This lag has led to a number of episodes in which Chinese producers have been suspected of failing to comply with sanitary standards that have threatened



HANDOUT
RUI NAGAE / ESTRADA

1 O'Callaghan from JBS: betting on an opening...

2 ...of the Chinese market to Brazilian meat



1 2

clients' health. "This has adversely affected the image of the local producer to an extent in the eyes of the more discerning consumer and has facilitated the opening of the market to imports of products seen as being of better quality," said JBS's O'Callaghan.

Australia, Uruguay and Argentina are examples of this. The beef they export has a healthier, safer image on the Chinese market. This is a result not only of the quality in

itself but also strong work on the image carried out by the producers, according to a study by the CEBC/ApexBrasil. Meat from these countries is sold in high quality supermarkets with a seal of origin and at higher prices. Brazil has an image that varies from neutral to good, said O'Callaghan, and is associated with land extensions of virgin lands, nature and forests. He says that during an outbreak of bird flu in Hong Kong, some restaurants put Brazil-

ian flags in their windows and signs saying they served Brazilian chicken. "They did not hesitate to announce that their product was from Brazil to distance themselves from the problem."

BRF's Jank believes there is an opening for Brazilian producers to the Asian market not only as a supplier of food commodities — from soybeans to frozen meat — but as a participant in the sophisticated production chains which can add value

HUNGRY FOR BARBECUE

CHINESE IMPORTS OF BEEF

Group	Total value in 2012 (US\$ million)	Average growth in 2007-2012 (%)	Brazilian exports in 2012 (US\$ million)	Ave. growth of Bzn. exports in 2007-2012 (%)
Fresh beef	254.70	78.2	37.3	137.3
Other beef (offal, tongue and liver)	26.20	19.9	437.7	51.1
Salted beef	0.02	-	-	-
Processed beef	5.40	-0.2	511.7	135.1
Beef - Total	286.40	56.7	38.2	137.8

Source: UN Comtrade/CEBC



1

2

to the exported products. “The biggest asset we have is not chicken or pork but our integrated productive chains where there is strong quality and sanitation control. This is something that is still missing to a certain extent in the world,” he said. This is particularly so in countries like China and its neighbors which are trying to improve their performance in terms of food safety. This is now being seen not only as supplying a

safe product at accessible prices in the amount of food required for the sustenance of the population but also as the quantitative and sanitary guarantee from the rural producer to the supermarket. “There is plenty of room in these countries for the companies that dominate the animal protein productive chains to reach the final consumer,” Jank claimed.

Reaching the end consumer with

own brands rather than delivering commodities at a Brazilian port so that the ship can carry them to the importing country is the route that should be followed says Jank. He gives as an example from within his own company the plant BRF opened last year in Abu Dhabi in the United Arab Emirates. This plant handles frozen and deboned meat brought from Brazil which is transformed into around 80 different products

COFFEE, ORANGE JUICE AND SOYBEANS

IN CHINA where tea dominates, what are the chances of winning consumers over to coffee? They are growing, according to market observers. The habit of drinking coffee in China is almost exotic, and is restricted to large cities and upper income consumers and those who relate to Western habits. However, this group is growing with the urbanization of the country and the emergence of a cosmopolitan middle class formed by young adults who visit the international café chains.

Consumption, production and imports of coffee have also grown

—imports of beans increased by around 400% between 2003 and 2013 — but China still does not compare with other countries in Asia. Japan, with a fraction of the Chinese population, consumes almost five times more coffee than China, said Javier Faus, one of the participants at the event which the Brazil China Business Council and ApexBrasil launched the study Opportunities for Trade and Investment in China for Selected Sectors - 2015.

In a market that is still being shaped, the opportunities are large

and the difficulties almost prosaic. Once again, it was a Chinese member from the panel who raised one of the obstacles to encourage the consumption of coffee in China: the fact that the Chinese do not know how to prepare coffee at home. This means domestic consumption is almost nonexistent. Coffee is drunk in the street in China. “Our strategy should be directed at educating and training,” said Faus. The Chinese drink an average of only five cups of coffee a year, compared with 240 for the world average, he said. The potential is therefore enormous.



AVIN KARBUEEN

- | | | |
|--|--|--|
| 1 Hungate (SATS) and Cheng (BRF): alliance in Singapore | 2 BRF's factory in Abu Dhabi: food for the Gulf | 3 Brazilian coffee: little known in China |
|--|--|--|

for distribution in the countries of the Persian Gulf. "The meats are re-processed as sandwiches, marinated products and the shwarma, a little barbecue that is typical of the region. All is done with the weighting system, the taste, the condiments used locally and following all the halal religious edicts in the preparation. We reach the consumer with a product that is made locally from Brazilian raw materials."

There is not much that can be done to win an outstanding position in the case of the two other food products dealt within the CEBC/ ApexBrasil study — soybeans and orange juice

Brazil is already the main supplier of these two products to China (it shares the first place with the United States in the case of soybeans). The study suggests that Brazilian orange juice producers should encourage consumption of the more concentrated version of the product and reduce the weight of the less concentrate and cheap

Replicating this model in Asia does not necessarily mean a company has to open its own plant in China or any other country. Other ways of arriving on the market are being experimented with. For example, BRF Asia announced a joint venture in mid-April with Singapore Food Industries Pte. Ltd. to create a new company that will supply processed and semi-processed foods on the local market and in South-east Asia in the future. The company will be called SATS BRF Food, linking the Brazilian multinational's name with that of the controller of its partners in the joint venture. SATS Ltd is a large operator of services for airports and is also a food distributor. (BRF already supplied meat for SATS operations.) BRF is also discussing a joint venture in Indonesia with a local company for

the distribution of chicken products. Indonesia has a Moslem majority which does not eat pork for religious reasons.

There are different ways of arriving at the same objective of adding value to the productive chain. Jank says it does not make any sense to transport soybeans by truck over 1,500 kilometers of road from Mato Grosso to a Brazilian port and then ship it to feed poultry and pigs on the other side of the world. Soybeans (and corn) sell for less than US\$ 500 a ton whereas pork and poultry meat sells from US\$ 2,000 to US\$ 5,000 dólares a ton. "By giving up selling grain and selling meat alone, I am already adding four to 10 times more value to the product." The Chinese consumer and the trade balance are grateful.

3



MICHAEL SWANSON

per versions — nectar and extract — which currently dominates the Chinese market.

As for soybeans, the discussions during the event reflected the proposals of BRF's Marcos Jank. Almost 80% of Brazilian soybeans become bran, the source of protein that

feeds pigs and chickens raised for slaughter. Instead of exporting the soy in grain on a long and inefficient logistics route, it would be better to finish it and supply it in Brazil, and then export the meats, products with a much higher value in the productive chain.



HANDOUT/CASA BRANCA/AMANDA LUCIDON

1

Is Cuba Now Open for Brazilian Business?

The normalization of relations with the United States could open new prospects for Brazilian investments on the Caribbean island but there are still risks ahead

PETER HAKIM*

In 2010, Brazil's national development bank (BNDES) approved a \$700 million investment in Cuba, financing about two-thirds of an ambitious project to expand

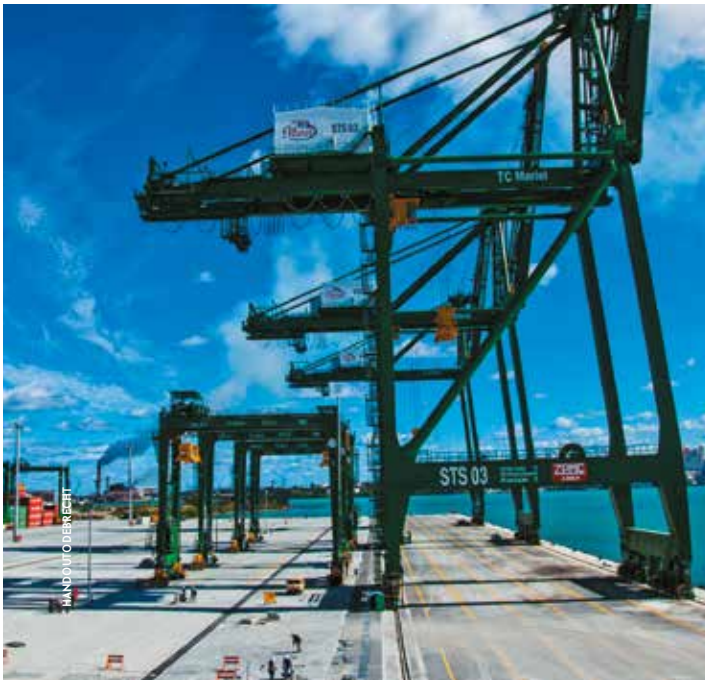
and modernize the Mariel seaport and build a nearby industrial park. At the time, it seemed less a sound investment and more an expression of the Lula government's solidarity with Cuba. How such a gigantic new

port facility could be made profitable was unclear. It would have to overcome numerous obstacles and risks to succeed: the severe restrictions placed on Cuban commerce by the US embargo, Cuba's multiple

1 Castro and Obama: end of 55 years of hostilities

2 Port of Mariel: Brazil's bet could be lucrative

3 Havana: Cuba catches investors' eyes



2 3

constraints on private economic activity and its lack of experience with large-scale projects, and the island's very modest production and import capacity. Would transport companies send their biggest container ships to Cuba, when those ships would then be barred from US ports for six months? Would they want to stop in a small country with little to export and only a small quantity of imports, and a reputation for bureaucratic delay?

The calculation changed, however, on December 17 last year, when the US and Cuban presidents announced plans to end 55 years of mutual hostility and normalize their relations. Suddenly, there was a reason to believe that the Brazilian investment in Mariel just might be profitable, and provide Brazil with an early foothold in a new, potentially more prosperous Cuban economy. A normal relationship with

the United States would presumably mean the end of the economic embargo against Cuba—and the disappearance of the numerous barriers to trade, investment, remittances,

After stopping in Mariel, ships could immediately set off for the US

and tourism that have long stood between the two countries, separated by a mere 100 miles of ocean. For example, ships stopping at Mariel could now travel immediately to the US, rather than being barred from

US ports for six months. Cuba, in short, would gain access to the US's immense market and its capital resources, making it an attractive place for Brazilian investment.

In addition, the rapprochement of Cuba and the US could accelerate changes to the Cuban economy, making it more productive and welcoming of foreign trade and investment. But as Fidel

Castro rightly emphasized, reconciliation—an idea that is only three months old—will surely be a difficult and lengthy process in light of the accumulated distrust of the past half century.

*

President Emeritus, Inter-American Dialogue.

Mariel: what will happen to Brazil in a more prosperous Cuba?

Negotiations so far between the two governments have proceeded relatively smoothly, and both sides have complied with their commitments. But the talks could be derailed by many factors. The US is an impatient country. It can be expected to press hard for political openings, while Cuba is excessively cautious and resistant to change. Finding a comfortable middle ground will not be easy on the multitude of outstanding issues, even if the current good will continues to prevail. Also, while the US president has considerable power to move toward normaliza-

tion, he cannot alone make all the necessary changes. He can establish diplomatic ties, but he cannot, on his own authority, do away with the embargo, a vital step toward bolstering the Cuban economy. The required legislative action may not come easily from a congress dominated by conservative Republicans.

Even if negotiations do produce significant progress toward reconciliation, a central question will remain. Will the Cuban government introduce the policy changes needed to begin building toward a modern economy, one that is attractive to investors and continually generating new opportunities for business ventures in Cuba?

The Cuban government wants a new relationship with the US to shore up its sputtering economy, which is now at considerable risk of losing essential support from crisis-ridden Venezuela. But it is unclear whether the Cuban authorities are ready to pursue a serious and sustained program of economic reform. While Raul Castro has declared his intentions to open the economy and allow

changes, for instance, should include (1) stronger guarantees that rules and regulations once in force will not be changed arbitrarily, (2) measures allowing foreign companies to hire, pay, and manage their own labor force—rather than contracting workers from the government, and (3) opportunities for highly trained professionals (doctors, teachers, and engineers, for example) to sell their services privately.



HANDOUT

The opening to the US will surely end many of the restrictions Washington has imposed on Cuba and should contribute importantly to the health of the Cuba economy. But the island's economic future—and the prospects it can offer to Brazilian companies—will mostly depend on Cuba's success in pursuing its own agenda of reform. The Brazilian government can most help by doing what it can to encourage and assist the Cuban authorities in advancing that agenda.

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London calling

*More and more Brazilian companies are
choosing the UK as their base to go international*

NELY CAIXETA AND ARMANDO MENDES

A Brazilian investment is at the center of the new London skyline occupying this double page: it is the building of curved lines that looks like a space rocket and stands out between the straight angles of its neighbors. Known by Londoners as the Gherkin, the building — at 30 St Mary Axe — is located slap bang in the City, the financial heart of London, and was

bought at the end of 2014 by Grupo Safra, owned by Brazilian banker Joseph Safra. The deal, estimated at over 720 million pounds, hit the headlines due to its rarity aspect; a Brazilian businessman buying an iconic property in one of Europe's main capital cities. But in fact, the Gherkin (a project by Norman Foster, the famous English architect) could be a poster for a trend that has accentuated in recent years: more and more Brazilian





MELVIN VINCENT

1

investors and companies are choosing London as a privileged location to set up shop in Europe.

A study by UK Trade and Investment (UKTI) — the government agency for promoting British trade and attracting foreign investments to the UK — revealed that, last year, 10 Brazilian companies decided to go international using the UK as their base. Another 10, already present, made investments to grow their business. These 20 direct investment operations are more than double the 2013 number (9) and brings the number of Brazilian companies with a presence in the UK to a record 64. Up to 2007, the records show no more than 20 Brazilian companies in the 4 countries comprising the UK (England, Scotland, Wales and North Ireland), led by H. Stern and Banco do Brasil, pioneers who arrived in London in the first half of the 60s, during the swinging sixties, the culturally rich period that gripped

the city.

The Brazilian companies who took the UK path are a mixed bag: from powerful multinationals with major businesses globally and

By 2007, there were only 20 Brazilian companies in the UK; now there are 64

thousands of employees to recent start-ups, with less than 5 partners and bold enough to pursue the international market before growing in Brazil. The first group includes Marfrig, one of the main Brazilian food industry groups. Marfrig came to Europe in 2008 after buying chicken processor Moy Park, in North Ireland, and was one of the Brazilian companies to expand its investments in the UK last year (no details

were provided).

Moy Park is the largest food company in Northern Ireland, with a 70-year track record, and is itself a multinational — with 12,000 employees in 14 units in 4 European countries. Its acquisition makes Marfrig the number 1 Brazilian investor in the UK. Another global company that decided to set up the base of its European operations

in London is Stefanini, the consultancy firm and provider of IT services from São Paulo. «England, and London specifically, are very cosmopolitan, global centers, and part of the heart of Europe», says Marco Stefanini, CEO. «It is strategically key to be present there».

To expand the range of businesses represented overseas, a retail brand linked to the more mundane and fashion side of the economy

was missing. Since the end of 2014, that's no longer the case: Grendene, from Rio Grande do Sul, maker of the omnipresent Melissa plastic shoes (sold in 93 countries) set up a Melissa Gallery, its high-end store,

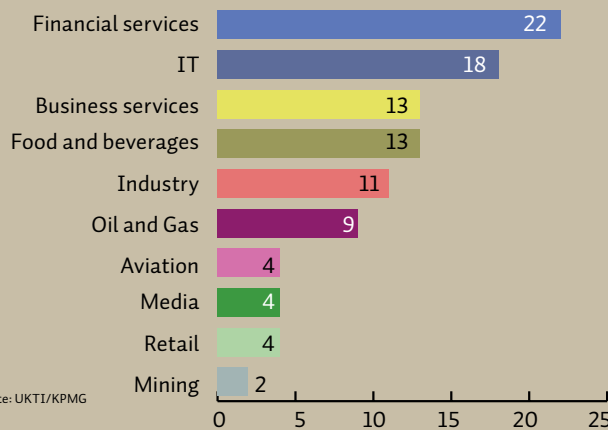
ved its HQ from Lisbon to London in early 2013 to operate both sides of Latin America-Europe investment intermediation: supporting European companies interested in investing in Latin America and providing ser-

from the Ontario Teachers' Pension Fund, one of the world's biggest. As per BTG Pactual's website, 168 employees work at its London office in Berkeley Square, Mayfair.



ON ALL FRONTS

BREAKDOWN OF BRAZILIAN COMPANIES IN THE UNITED KINGDOM BY OPERATING SEGMENT (%)



Source: UKTI/KPMG

Fonte: UKTI/KPMG

2

in October in the trendy London district of Covent Garden. The 400 m² store-gallery (the company's biggest worldwide) is located in an historical building of Georgian architecture whose structure and façade were preserved and which received contemporary surroundings to serve as a window for the brand's creations. It's a step worth recording: many Brazilian companies have gone multinational since the start of the 21st century, but there are still very few cases of made-in-Brazil consumer brands that are recognized and admired abroad. The presence of Melissa with a high-profile store in the heart of London is symbolic.

From fashion to finance, two heavyweights from the Brazilian banking sector have also chosen the UK as the base for their European operations. Itaú BBA International, the investment and wholesale banking arm Of Itaú Unibanco, mo-

vices to Latin American companies taking the European route. Itaú BBA told us the change reflects the sophistication of London's financial market, which even attracts heads

Still very few Brazilian brands are recognized abroad

of finances of companies from continental Europe. Itaú BBA's London offices employ around 100 people.

At the end of 2013, BTG Pactual, owned by banker André Esteves, established its global commodities trading desk (oil, wheat and cotton) in London. In 2014, he doubled up by assembling an equities trading desk there as well. To head up this area, he hired an ex-investment manager

And finally, a heavy engineering company is also present in the UK. Odebrecht Óleo e Gás participates in the exploration of an oil field in the North Sea, in partnership with

Danish group Maersk. It is an interesting route inversion. Traditionally, British sector companies operate in Brazil. In the last 2 years, around 120 British companies from this sector generated 7

billion reais revenues in the Brazilian energy sector. Business moves in other areas were intense in these 2 years. "In this same period, 35 Brazilian companies from different sectors invested in Britain", says the UK ambassador in Brazil, Alex Ellis. "We also organize 90 Brazil-UK commercial missions."

The second group (of the small and bold) features companies such



MICHAEL BURCH PHOTOGRAPHY

HANDOUT

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BRIAN HALLAM

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as Pandorga (from Rio Grande do Sul), which develops tailor-made software for Internet operations. Pandorga decided to attack the European market without going through Rio de Janeiro or São Paulo. At the start, one of its partners, Diego Eick Moreira, spent 6 months in London as a part-time English student, and spent the rest of the day prospecting clients. After capturing his first client, he had to endure numerous London-Porto Alegre flights until moving to London permanently. Pandorga now has a UK partner and its target this year is to derive 25% of revenues from abroad.

For the São Paulo company Casa Rex, an award-winning packaging and visual identity design studio that provides services to companies, its clients in Brazil (including foreign multinationals) were the ones

driving its internationalization, by ordering projects for operations in other countries. The designer Cris-

Itaú BBA and BTG Pactual chose London as their HQ in Europe

tiano Vinciprova Machado recalls: "At the end of 2009, 56% of our growth came from exports, so we saw an opportunity to explore this more, and we transferred our prospecting efforts to the UK" (*more on this and other companies from page 42 onwards*).

But what led these companies to choose the UK to go international? The status of London as a global

finance and service center and the deep-rooted British business culture were certainly key influences. "The

Brits have business in their blood", says Marco Stefanini. Eduardo Navarro, from KPMG, points to the global vocation of an island that has always used international trade to prosper. "Companies want

to be there because they know they won't be exposed just to the British market; we're talking about global exposure", says the consultant, who worked on a KPMG study into Brazilian companies in the UK, ordered by UKTI. "We saw smaller companies opening offices there and, after understanding the market (there is a learning curve), they started working on projects outside the UK





1 Rafael (left),
from the BNDES
in London:
lower costs

2 and 3 Moy
Park: Marfrig
chicken in
Northern Ireland

based on contacts made there “.

The greater attention that Brazil is arousing in Britain also helped smooth the path. It was in around 2007 that the growth of the Brazilian economy and market started to attract the attention of the British government and business community, after decades in which Brazil had fallen off the radar screens in London, with ex-Asian and African colonies of the former British empire now the focus. But we were already seeing strong signs of the imminent global financial crisis. These factors led to the decision to install a representative office of UKTI in Brazil with the mission of attracting investments to help in the UK’s process of economic recovery. As the name indicates, UKTI has two areas: trade and investment. “Brazil was one of the main buyers of Bri-

tish products”, says Raquel Kilbrit, UKTI’s representative in Brazil — and thus strong in trade. “But there

In the UK, paying taxes consumes 110 hours/year versus 2,600 in Brazil

was no area to promote investment in the other direction, i.e. from here to there” (see page 40 for more on UKTI).

In the other direction of this interchange, Brazil also prepared itself to support commercial trade and investments between the two countries. Since 2009, the BNDES (Brazil’s National Development Bank) has had a subsidiary in Lon-

don with the mission, among others, of reducing the financial costs of internationalization for Brazilian companies setting up shop in the UK and Europe. As a result, the bank can, for example, raise funds locally and lend them to Brazilian companies without these funds having to go through Brazil, thereby reducing the operating costs. “The idea of London is to enable funding to be done with greater efficiency, at lower costs”, says Rafael Caminha, department head of the BNDES’ London subsidiary. “One of the big advantages of the UK is the extensive network of commercial treaties to avoid taxation with other governments — something Brazil is severely lacking,” says his colleague Marcelo Alves, who heads the International Department at BNDES’s headquarters in Rio [the UK has 120 treaties]. “If the flow of funding and release of funds and payments occur between the UK and another country with

whom there is a treaty to reduce or eliminate taxation, then the operation ends up being cheaper.”

The business opening mentioned by Stefanini translates into 2 features that usually enchant newly-arrived companies: the first is the uncomplicated taxation and regulatory framework, a paradise for Brazilian firms used to spending 2,600 hours/year to pay taxes (in the UK, it’s only 110 hours, or less than 5 days). There are only 4 taxes: corporate tax of 20% (on profit, not revenue), one of the lowest worldwide as per UKTI; social security payroll tax (8-14% depending

on wage); a business rate, which is a property tax that varies as per the location; and VAT, a tax on consumption and only charged on domestic sales (Brazil's version of ICMS).

UK labor laws also don't suffer the rigidity of Brazilian ones and enable employees to be hired by the hour, month or by project. "This cuts operational costs and makes the operation more flexible", says Raquel. She also refutes the UK's reputation as a very expensive country to live and do business: ultimately, after all the calculations, says Raquel, the cost of running a company in the UK is the same as/equal to those in Brazil. And if the potential investor is willing to forego the cosmopolitan lure of London and set up shop in Manchester or Birmingham, or even regions like Wales, Northern Ireland or Scotland, then the operating and living costs fall 30-40%.

The second benefit is the range of advantages and incentives that UKTI offers foreign companies, in particular, and newcomers in general (some Brazilian companies reveal how they exploit these incentives in the next article, starting on page XY). An example of an incentive are the Enterprise Zones, regions designed to develop industrial clusters or technology parks offering property tax exemption for up to 5 years.



HANDOUT 1

HOW TO SELL A COUNTRY

IN THE last two years, the routine of Raquel Kibrit (from Campinas, São Paulo), the investment manager of UKTI, the United Kingdom trade and investment agency, has been to travel the country with the mission of "selling" the UK as the destination of choice for Brazilian investors interested in internationalizing their businesses. The marathon of trips to present the advantages and facilities in installing a company in London and in other British cities has already led Raquel to make several visits to Rio de Janeiro, Belo Horizonte, state capital cities from the Northeast and also to smaller cities in the country's interior. "We went to regions where businessmen didn't really know what internationalization was", says Raquel, the first Brazilian to be hired

to the position, precisely in order to forge these contacts with more familiarity.

To overcome this obstacle, the visits across the country, done with the support of entities such as Sebrae and local industry and trade federations, are littered with examples of Brazilian companies who have successfully set up shop in the UK. "We want to generate curiosity and inspire other companies to take the same step", says Raquel. Now there are around 700 companies in consultation process to set up shop in the UK – another 58 are already operating in the country with the support of the agency. We are talking about 25 services provided per month. "We show that once you have the support of UKTI, the risks

of an international move fall dramatically".

The type of support varies depending on the size and needs of each company. A small businessman, for example, can rapidly obtain a commercial address and pay only 99 pounds per month during a year, until the business takes off, for a space in one of the four virtual offices provided by the *Touchdown* program in London. This service is offered by London & Partners, a London pro-investment agency. Large corporations, however, usually resort to free consultancies from specialists of the British government with regard to sensitive aspects of their operations, such as regulation and certifications. That's the case, for example, of financial services, which require a seal



HANDOUT

2

1 Ambassador Ellis: 90 commercial missions in 2 years

2 Raquel, from UKTI: in search of investors

3 Brazilians on London underground: prospecting business deals

Birmingham went further: instead of sticking the technology parks and industrial zones on the city outskirts, as is usually the case, it designed its entire central region as an Enterprise Zone. The move paid off: Birmingham is now one of the most sought out locations by investors in the UK. UKTI also helps foreign companies to navigate the small and potentially frustrating details of the daily life of an investor in an unknown country:

everything from wage costs to the price per square meter of an office or warehouse; or help in understanding distances, assessing the quality of life, enrolling children in a good school, etc...

And what about the difficulties? As well as high prices, still mentioned now and again, there are cultural business differences. There, you have to be on time, warns Eduardo, from KPMG; people don't really mix their public and private lives, and working hours are meant to be as productive as possible. On the bright side, people don't usually work afterhours or at weekends – even the opening and closing hours of the pub, a place that helps to break the ice with possible business partners, are respected.

of FCA, the Financial Conduct Authority, to operate as a banking institution.

And who are the investors that the UK wants to attract? Financial services, IT, retail, food and beverages, machines and equipment, manufacturing and advanced engineering. To familiarize the investor with these priority sectors, the UKTI is organizing tours around the country. In February, a delegation of businessmen from the areas of construction, transport and administration visited the renovation project of the London Bridge subway station. Months earlier, another group visited Tech City, a cluster of fast-growth digital startups in the east region of London. Raquel believes the growing number of Brazilian companies setting up shop on the other side of the Atlantic shows that the UK economy is heating up. "It is the first European economy to effectively exit the crisis", she says. "The UK offers a market for all profiles of interested companies."

3



ADRIANA MASETTI



1 2

From Recife (and São Paulo) to the world

How Tempest and Casa Rex discovered they were ready to face London and the global market

NELY CAIXETA

It would be difficult to find, for any organization, a name more openly British than Tempest — *The Tempest* is one of the most beloved works of William Shakespeare. It would be even more unlikely for the person in charge of implementing this organization in the land of Shakespeare to be called Alonso — the name of one of the main characters. But all this happened: Tempest is the name of a Brazi-

lian company — from Pernambuco — that has been successfully forging its own niche in the competitive IT market in the United Kingdom, and Alonso José da Silva II is the name of its international technical director, based in London.

Before jumping to any conclusions, the Brazilian Alonso stresses: it is all a coincidence. The name of the company — Tempest Security Intelligence — was chosen by the founders, in 2000, in memory of a

pioneering information protection system used in World War II. The business of Tempest is to help organizations dependent on large IT networks — such as banks, virtual stores and IT companies — to protect themselves from hackers and digital malwares. And Alonso only joined the team in 2005, after forging a career in telecommunications and IT that took him to the US, Portugal and Angola and to multinationals such as IBM and Alcatel-Lucent.

PICTURES: HANDOUT



1 Alonso: at cybernetic security forums

2 Casa Rex: stand for Campari

3 and 4 Casa Rex: creating packaging globally



3



4

A handful of others businesses are representatives of a particular type of Brazilian company that chose London to go international: small and bold, they didn't wait to gain size in Brazil in order to become multinationals. The Rio Grande do Sul company Pandorga, the Minas Gerais company Toy Talks (*more on pages 44 and 46*) and the SP company Casa Rex (*more on this one later*) share a common trait: they operate between the digital world and the creative economy (encompassing the media, advertising and the arts). In a world without the Internet, it would be hard to imagine that they could exist or function — just like Tempest, which works directly with IT.

The founders of Tempest — Cristiano Lincoln Matos, Evandro Hora and Marcos Carnut — and Alonso, their London arm, are “the offspring” of the technological environment of Recife. More precisely,

of Porto Digital, the innovation and tech complex formed by professors and researchers from the Federal University of Pernambuco and operating in the former port district of the Pernambuco state capital. The

Tempest was spawned from Porto Digital, the Pernambuco tech center

company arrived in London in 2012, following the map of an internationalization project “sold” by Alonso to the three founders. In Brazil, Tempest had become a reference in digital information security. From its Recife base — where it has a team of 120 employees, mostly engineers and programmers — it set up an office in São Paulo to establish a presence in Brazil's Southeast market and

capture heavyweight clients such as the banks Itaú and Santander, the Bovespa stock exchange, cosmetics company Natura and apparel retailer C&A. In the UK, however, it was just another unknown startup battling courageously for its first client.

“We started working from a home office, myself and my wife — who is the managing director of Tempest UK” (Berta Papp, Alonso's wife, is a Hungarian executive who had already lived in London and Brazil before signing up to Tempest's international adventure). “After a few months, we went to the office offered by the British government to start-ups, as part of the *Touch Down* program, which cost 99 pounds a month, an extremely attractive price”. Today, Tempest houses its London team (five-strong, including Alonso and

Berta) at an office on Canary Wharf, a modern business and finance district located at a deactivated port terminal on the banks of the River Thames — another coincidence for a company born itself at the former port of Recife.

The office costs 2,000 pounds a month — a rise in costs that shows just how much Tempest has grown since the modest times of home office, less than three years ago. The turnaround started when Alonso got the first client at the end of 2012. It wasn't just any client: it was the economics and political magazine *The Economist*, one of the world's most prestigious publications. *The Econo-*

Casa Rex now uses only its London office to prospect clients

mist was in turmoil due to threats of cyber-hacking and was looking for a consultancy firm to help it predict and prevent attacks on its systems... but all it ever found were inadequate or “horribly expensive” proposals — in the words of Vicky Gavin, head of information security, to the specialized site www.computing.com.uk.

How did the unknown Brazilian company and one of the starlets of

the European press end up meeting? “We went to an event, Vicky Gavin saw our name featured the word *intelligence* and wanted to see if we actually did possess *intelligence*”,

recalls Alonso. “In the end, they decided we had what it takes and so we started working with them”. The British executive believes it was a real find. “Tempest has been phenomenal from day one”, she told www.computing.com.uk. “The first report they sent us was perfect and worth every penny; we were impressed to see that they had gotten our

PANDORGA: TAILOR-MADE

IMAGINE A painter who wants to explain why he used that color in that place and, in doing so, help the viewer to better appreciate his art. This person exists (unfortunately, due to contractual obligations, he cannot be identified), lives in London and hired a Brazilian company, Pandorga, to design the adequate software for his ‘manual’, in the form of a smartphone and tablet app: just download the painting, click on the parts that challenge the imagination, and hey presto the explanation appears. “That’s our job: to develop tailor-made programs for companies and people”, says Diego Eick Moreira (40, from Rio Grande do Sul), the London arm of Pandorga, from Porto Alegre. Present in London for less than 3 years, Moreira says the bulk of revenues (3 million reais in 2014) still come from deals in Brazil, but UK contracts are growing and this year he expects the UK to increase its share from 10% to 25% of total revenues. Pandorga moved to Lon-

don for this reason: to grow faster. It got there with guts, little money and the vital aid of UKTI. “My first contact with them was a 2-hour talk on my moving trip to London, at the British embassy in São Paulo”. “The next day, when I arrived, someone was there waiting for me, aware of needs and he took me to possible work places”. He also took the measures to register the company at the London Chamber of Commerce, which increased and facilitated our contacts.

Pandorga arose 8 years ago at the start-up incubator of Pontifícia Universidade Católica do Rio Grande do Sul (PUCRS). It now has 35 employees and still works out of the university’s tech complex. The partners soon realized that, to gain big clients, they had to have a foothold in a city with a strong creative industry, a place capable of “setting trends”. São Paulo? New York? “I preferred Europe and kind of insisted on London”, admits Moreira.

He arrived with an English student visa; I attended courses half the day and, in the other half, I prospected clients. He captured one big fish, and then started going back and forth, from Brazil to the UK, until the partners decided he should move to London on a permanent basis. At the recommendation of UKTI, he rented a joint-share office for 99 pounds a month; when he graduated to his own desk, that amount rose to 490 pounds, still a bargain. Once the company was registered in London, he obtained the right to live there for a year. Then the clients started to arrive and, with them, an extra benefit: change of status to an international company. “Now, all the really good clients we have in Brazil have hired us because they saw we weren’t small, that we had businesses and a presence in Europe”, says Moreira. In Brazil, Pandorga sells customized programs to government bodies and, in the private sector, to marketing agencies who



HANDOUT

message and how they were able to transform it into a product”.

For Tempest, this was the key to the British market (and beyond). The success with the first client led other first-tier media groups, such as the BBC and The Guardian newspaper to also seek out its services (US media producer HBO is also a client). “We don’t have many clients, but we have good ones”, says Alonso. “We do a lot of work on the back of recommendations; one client calls another, they talk about who provides which service, and you build up a relationship of trust with the sector

lution was to “go British”. 8 months ago, Pandorga joined forces with Englishman Mike Staines and Images HUB, to form HUB, a joint venture with two key pieces of expertise – Code HUB, specialized in software project development, with a team in Porto Alegre; and Images HUB, specialized in web design and e-commerce, with a team in London. “It worked; negotiations now begin with our service quality, and costs are only discussed at the signing-off stage”, says a smiling Moreira. “We have also strengthened our capacity to deliver design and content aligned with the British market, something that was missing”. Going forward, Pandorga is looking at the rest of Europe and Asia, but in 2015-16 the focus is growing more in the UK. Competition is huge, but the economic situation is pretty stable, the market is very open and Pandorga has a very competitive price. In this scenario, Moreira believes they have room to grow.

use its services to meet demands of its own clients. In England, it finds solutions for companies such as e2B Logistics, specialized in event logistics, distribution strategies and storage solutions. For this company, with 20 years global experience, it developed an easy-to-use website with a flexible system to automate

the receipt of orders via web, email and telephone.

If a presence in England helped business in Brazil, its foothold in Brazil hurt UK its operations. “Talks always began with the price, since they knew that our hourly cost, as in Russia, India and other markets, is very low versus their own”. The so-

in general.” Some prefer discretion and low exposure — Tempest said it has a client in the financial sector, a Swiss bank, and a major retailer.

Casa Rex, from São Paulo, develops visual identity products, packaging and points of sales for companies, including multinationals. It was by pursuing these clients that it ended up leaving Brazil. It arrived in the UK for two motives, says Cristiano Vinciprova Machado, one of its designers: “many of our global clients’ international offices were there; and London is practically the center of Europe, so strategically it made more sense”. The move was so successful that Casa Rex ceased looking for clients in Brazil: now, it

The first client of Tempest in London was *The Economist*

prospects new clients in Europe and other countries out of its Chancery Lane office in London, a job done by 3 people, a couple of Londoners and an Italian (creative work is still done in São Paulo).

In recent years, as per Cristiano, Casa Rex has done projects for the US, Italy, Hungary, France, Russia, Switzerland, South Africa, Thailand, the Philippines and China. Over half of revenues come from internatio-

nal accounts. “Since the opening of our HQ in London in 2010, our revenues have soared 110%” (it wouldn’t go into more details). Internationalization certainly helped Casa

Rex win some of its 270 international awards, the latest being the iF Design Award Gold, one of the biggest in the area, at the start of 2015. And for Tempest, is internationalization paying off? Everything is very expensive in London, says Alonso, the London director - in the first 2-3 years, it managed, at best, to balance the costs of its British foray. “The most you can do is stop

MULTI-LINGUAL FURRY TOYS

TOY TALKS, based in Belo Horizonte, is loyal to its name: it makes toys that interact and “converse” with people and with tablets — a format that has really boosted the capacity to mix electronic pretense with the real world. “Our specialty is fusing the physical and the digital. It’s the future”, says owner Marco de Carvalho Júnior (Minas Gerais). “Virtual reality is becoming more and more a part of our life”. Global since its birth, Toys Talk was founded in 2008 in Shanghai, where Carvalho spent 10 years and met his partner, the Venezuelan Ivan Zorn, to cater to clients formed almost exclusively by Brazilian stores and brands. Upon moving to Belo Horizonte, in 2011, the company started to go global. This year, out of the orders already received, 80% are for exports (vs. only 30% last year).

Upon establishing its ex-Brazil foothold, the door that Toy Talks chose was the UK. “It is a pheno-

menal market for our products; per capita toy consumption here is 100 pounds a year, versus 100 reais in Brazil”, says Carvalho. It is also a preview and proxy of the big daddy of markets, the US. “They are similar cultures, with the advantage that the UK market is less competitive and much closer to Europe”. The partners had already opened Toy Talks UK, to supervise the development of new products (made by third parties), when UKTI came onboard. “They appoint an account manager and give total support”,



investing money from Brazil into England.” Now, they are reaching an inflection point. “Starting next year we will probably be generating revenue for Brazil.” Still, the targets are ambitious: in 2-3 years, Tempest wants to obtain 20-30% of revenues from abroad. Today, this percentage is tiny, says Alonso. The company posted Brazil revenues of 18 million reais last year and is growing fast — by 2010, it was doubling in size every two years, says Alonso, and now averages growth of 20-25% p.a.

He reckons they arrived in London at the right time, and that it takes 2-3 years for a new company to become a well-known brand and prove it is serious. This was what

It takes two or three years for a new company to become known

Tempest looked to do upon arriving, in 2012. Now, with the US and European economies showing signs of growth and reaction to the crisis, it is time to reap the rewards. “Everyone is hiring, investing in modernization; security, in recent years, it has become a really hot topic in England and Europe”. In such times, Alonso reckons the differential of a Brazilian company capable of selling in pounds and delivering costs in Brazilian

reais is huge. “We had the privilege of having an excellent talent base in Brazil and using it to sell in the international market.”

The next step is prospecting the European market. Switzerland, France, Belgium and the Nordic nations are the initial targets. In this mission, the help of UKTI, a British Pro-Investments/Export Agency, is key. “UKTI is a real boost in helping spread your tentacles”, says Alonso. “If you want to come here to sell to the world, they are the best tool to do so.”



says Carvalho. “They help locate the company in a place where the benefits will be bigger, they make the necessary registrations, to help create partnerships; it’s a shame Brazil doesn’t have something similar”. Also vital to Toys Talk’s progress was its approval, a year ago, in the rigorous selection process of Endeavor, an NGO promoting young entrepreneurs over the world. “The process took more than a year, but was worth it”, says Carvalho. “They offer mentors, open up a huge range of contacts, help obtain funding and are, themselves, a seal of quality”.

With English partners, Toys Talk developed Snow, a teddy bear that interacts with tablets. “You open up Snow’s story and, as it is told, the teddy (that you bought in the store) starts to follow the story, ‘understands’ and makes comments”, explains Carvalho. “In the future these bears will be able to react to the TV, cinema and theater”. The

growth plans of Toys Talk in the UK are currently in slow mode due to an unexpected development: a series of partnerships signed in the US demand the attention of the partners, such as distribution deals with Toys ‘R Us, Amazon and Japan’s Bandai, the world’s number 3 toy maker. The company’s flagship product this year won’t be Spock — the dog that sings, talks and moves using voice, touch and enhanced reality commands (independent of the internet) — and that every child, from Brazil and worldwide, has or wants to have. To conquer the world, Toys Talk has developed a new line of products that “talk” to tablets, including Dino Mundi (interactive dinosaurs) and the Snow teddy bear — all planned to hit stores in Christmas. “In each country, we adapted the toy to the local culture. Our products already speak 14 languages”, says Carvalho. The main one is English, of course. In the case of Snow, British English.

Crisis equals opportunity

The American consul-general in São Paulo thinks trade and investment between Brazil and the United States has everything going for it in terms of growth, even against a difficult backdrop

NELY CAIXETA AND ARMANDO MENDES

Dennis Hankins, the American consul in São Paulo, will be leaving Brazil in July after three years heading the mission. His view from his observation post of trade and economic relations between the two countries is that they will continue to grow despite the passing problems and depend much less on the governments as Brazilian companies and investors are prospecting the American market on their own, along with tourists and students (and vice-versa). Despite this, much could be done to facilitate the contacts, e.g. finalize the open skies agreement that would increase air travel between the two countries. (Even without the agreement, new routes to Boston and Las Vegas are under study.) The room for a new understanding was reopened following the recent meeting

between president Dilma Rousseff and president Barack Obama at the Summit of the Americas in Panama City in mid-April. It was announced on that occasion that the Brazilian

It is interesting to see some of the key issues where our economies are complementary

president would visit the United States in June, thereby closing the chapter on the crisis that arose when it was revealed that she was among the people being spied on electronically by the US National Security

Agency (NSA). Hankins took up his first diplomatic post in Brazil in Recife in 1985. The country he encountered at that time was plunged in hyperinflation, as he recalls in this interview with PIB at the US Consulate in São Paulo's southern zone: child mortality has fallen to one third of what it was and life expectancy has expanded by 15 years. "If you take the broad view of where the country is, it is significantly better," he said. Here are the main topics of the interview.

AMERICAN COMPANIES AND BRAZIL'S CRISIS

I still tend to be optimistic, going back to where Brazil was in 1985 and where it is now. It is certainly a difficult period. You have all these *counterwinds* against Brazil right now. A lot of American companies will say that it is out of crises that



HANDOUT/ CONSULADO DOS EUA/JÃO COSTA

you find opportunities. With the US dollar at R\$ 3, I think you will see American companies doing acquisitions. For the most part, we have a long presence here. Citibank this year is celebrating 100 years in Brazil. General Motors just celebrated 90 years. You have companies like IBM, 3M... The first time they left the US, they went to Brazil. We have a long-term business history with Brazil and our companies have gone through all the different phases of Brazil's history for a century, so they can think in the long term. They assume it is going to be very difficult for two years but, in the end, it will probably get better business systems in place in Brazil. It will be better

American companies will be doing the communications and security at the Rio Olympics

than it is now. A lot of American companies are having to decide "Do we stick *with it* for the long term?" Again, all of them know that Brazil is the seventh-largest economy in the world. It still has 200 million con-

sumers. You don't walk away from an economy that you have just come into because of a rough patch, just as Brazilian companies don't give up.

BUSINESS OPPORTUNITIES

Americans don't do *construction* overseas, for the most part. We provide systems, we provide management. We didn't build any of the World Cup stadiums, but there was a lot in terms of security systems, *lighting* systems and all the technology that went behind it. American companies did very well from the World Cup. As for the Olympics, we will be doing the communications, security and everything else — the *subcomponents*. You don't generally see *American construction* firms here and, in some ways, Brazil doesn't really need them. For example, Odebrecht is building airports in Miami. You have some areas of expertise where Brazil is perfectly competitive overseas. If you look at the balance of trade between us, it is interesting to see some of the key *areas* where our economies are complementary. One of the biggest exports from Brazil to the United States is aircraft. One of the biggest imports from the United States to Brazil is aircraft. Different niches, different areas.

THE CHINESE CHALLENGE

China is certainly the biggest trading partner for Brazil but it is a different economy, a different kind of trade. You look at the list of Brazilian exports to China and they are almost all commodities and unfinished goods — iron ore, soybeans, unfinished tobacco, and unfinished cotton. In terms of exports to the United States, the Commerce Department tells me 80% of Brazilian exports are made up of 1,500 different products. We became the biggest

importer of Brazilian manufactured goods last year. We take aircraft, we take appliances, *subcomponents*. You have companies from Santa Catarina creating compressors that go into almost every American refrigerator. We are number two in terms of absolute value, but in terms of the kind of value added in Brazil there are lots of opportunities going both ways. We have investments in almost any sector you can think of here in Brazil.

A SOPHISTICATED RELATIONSHIP

The Commerce Department usually tells American companies that there are five areas it thinks are important to look at in terms of investment, but there might be over 30 in Brazil. It really covers the entire economy. I have been here about three years so I have seen a lot of investments in the agribusiness sector. That has been big but we have also seen companies coming in and buying universities, health services, insurance — the entire gamut of the economy.

BRAZILIAN COMPANIES INVESTING IN THE US AND ABROAD

Brazil was the ninth-biggest investor in the United States last year. We have been seeing a 20% increase in Brazilian investment in the United States every year. Some of that reflects where Brazilians see the best profits, but you also now have about 100 companies in Brazil that are considered multinationals. If you want to be an American multinational company, you can't be absent from the Brazilian market. I think *Brazilian* companies now looking at being *multinationals* also realize they have to be in the American market. You have

some companies that have done exceedingly well. JBS started buying food companies in the United States in 2008 and by 2014 it had become the biggest beef producer there. We pride ourselves on the Texan farmer and rancher, but the biggest cattle rancher in the United States is not a Texan, it is a Brazilian. You get companies like Gerdau that have about 90 facilities in the US. You also have smaller companies that are now starting to have a presence there. Franchises like Giraffas are finding opportunities. People in all varieties of sectors are

We have been seeing a 20% increase in Brazilian investment in the US every year

starting to make investments. We carried out an exercise with the American Chamber of Commerce when we had the first seminar on *How to Invest in the United States* seven months ago. We thought we would get maybe 60 companies; we had over 200 and a waiting list of 150 people. We have the big SelectUSA Investment Summit event — Washington told us to try to get 25 companies and we got over 50. Brazil was an important presence at this event held in March that considered investment opportunities (see note in the Antenna section)

HOW TO FOSTER BUSINESS BETWEEN BRAZIL AND THE US

This is a growing relationship. We have a little over 100 billion

dollars now in terms of goods and services. This is important and significant in both directions but we're talking about the biggest economy in North America and the biggest economy in South America. One hundred billion dollars is one-quarter of 1% of world trade and could obviously be much larger. There are opportunities in both directions. We are happy to have a trade surplus *relative* to Brazil, but we would be really happy to see that volume grow on both sides. The meeting between the Vice President [Biden] and the President [Rousseff] on the day of her inauguration was the centerpiece [for a closer relationship]. That meeting showed that both countries were saying: "Let's move forward in our relationship", and we know that commercial exchanges are an important part of that. The Brazilian minister of commerce was the first cabinet officer to visit the United States [after *President Rousseff's* second inauguration]. He had a very good visit and talked about what the trade opportunities were. We are seeing the economic dialogue restarting.

THE LESSER ROLE PLAYED BY THE GOVERNMENT IN RELATIONS BETWEEN THE TWO COUNTRIES

Our CEO Forum hasn't met for a while, but a meeting will take place in June and get companies together. A lot of what we did to improve the situation of visas originated from the CEO Forum three years ago. We doubled the size of the consulate and made a lot of changes in the processing. One thing that I always look at in this very large, sophisticated relationship is the degree to which the White House, the Secretary of State, Planalto and Itamaraty drive relations. We have an important part but I don't think that is more than 10% in

US—Brazil relations. American and Brazilian *businesses* don't come running to us to say they are looking for a partner but go and find one themselves. The two million Brazilians who visit the US every year do not do so because we convince them but because they want to visit America. We have hundreds of university exchanges. I am always surprised to hear that there are so many American students in Brazil.

THE NEED TO LOWER AGRICULTURAL TARIFFS

We are making progress. Our cotton dispute had been going on for almost a decade and, even in the midst of the election, we closed the cotton issue. The US Department of Agriculture now has an Out for Public Comment on regulations that would open up the market on fresh meat. That is something that *interests both countries* in both directions. Brazil is already the biggest producer of soybeans and the expectation is that in the next 15 years it will be the biggest food producer in the world. We look at food security around the world and *in the US* food security means how you provide food to a growing world population. That is where we actually see Brazil as a strategic partner as most of this really tremendous agricultural growth is in Brazil. The degree of agricultural exchange in the US and Brazil is still relatively small given our world markets and we have the advantage of being in the Northern and Southern hemisphere. You are harvesting when we are planting and vice versa. So we really don't come into direct competition that often because we are in different cycles. A lot of the Brazilian agricultural sector is actually an American sector because of investments. This makes the distinctions between the Brazilian or American

agricultural industries fuzzy because we have mutual investments in both directions.

COOPERATION IN THE AVIATION INDUSTRY

If you are talking science and technology, so much is happening *independently* of us. There are a couple of key areas. Our aviation dialogue continues and a lot of it is focused on bio jet fuel, which is conceivably a new industry for the entire world. It is a renewable alternative to jet fuel, all of which currently comes basically from petroleum-based sources.

The largest meat producer in the US today is not Texan but Brazilian

es. Boeing and Embraer opened up a joint research facility just last month in terms of technology using the bio aviation fuel you have. A couple of American companies are involved such as Amyris, which is in Brotas [in São Paulo state]. It is a company from California that uses bio engineering to convert products. We have a number of biotechnology companies that are making investments here in Brazil.

THE WATER CRISIS

There is going to be a conference later in the month — the Brazilian government has asked a number of countries to look at the water crisis in Brazil as it affects hydroelectric power and technological possibili-

ties. We have already taken *trade groups* to the US looking at power distribution, power generation and *improved* conservation for São Paulo state and São Paulo city, more specifically. We are also looking at water projects. That is one area for pride, as Brazil has 80% of hydroelectric capacity. That's great when there is rain but I think Brazil is recognizing with the huge growth of the economy that demand and middle class growth *have* certainly exceeded your ability to keep up. We are bringing a speaker from San Francisco who will talk about the very practical things they have been doing as we have a big drought going on in California. And they have been here previously working at the state level. When they met with Sabesp, they had some ideas we used in California but they said there were some things being done here that they had not thought of [*in California*]. It is an exchange where both the United States and Brazil are facing some common challenges.

SHALE GAS

At the same time, we brought a delegation to Rio de Janeiro last year looking at alternative fuels and conventional fuels such as shale gas. The state of Parana has sent some officials to the US in relation to the auction for the shale gas reserves in the state. We're looking at where that goes. But I think when we look at energy, it would be with the idea of creating a broader energy matrix in Brazil. It is great if you can provide 80% of electricity from hydro, the cleanest energy you can have, but you have to be prepared; if you have a bad rain period, there are other things you can go to. I think Brazil is also looking at the strategic ability to shift between different sources.

Small but outstanding

You don't need to be big to go international

The fantastic goodies factory

A São Paulo company exports machines all over the world that make savories and sweets like coxinhas, kibes, chipas, brigadeiros, macarons...

ANTONIO CARLOS SANTOMAURO

Nobody could accuse Brazilian companies of being unproductive when faced with Gilberto Poletto, the CEO of Bralyx, a São Paulo company that exports food production equipment. The main clients are in the food services industry in more than 50 countries. These include bakeries, restaurants, small companies, buffets and caterers for events, amongst others. He dismisses any such accusations by listing the obstacles Brazilian business leaders face to be competitive: "the domestic tax structure, the high interest rates, the rise in the labor cost and the depreciated dollar in recent years". He concludes by saying: "Brazilian companies are very productive, in contrast to what lots of people say, as they have to remain competitive at home and even challenge global markets."

The recent fall in the value of the Real should boost Poletto's company's exports and he expects foreign sales this year to amount to 15% of his total revenues compared with 9% last year (from a total of R\$ 50 million). "The stronger dollar means we are much more competi-



tive abroad. Our production volume of around 1,500 machines a year certainly puts us among the three largest producers in the world of equipment for the food service industry," he said. The company's production plant is a rather improvised complex of houses that have been incorporated together as the company has growth and required more room. But what exactly do these machines produced by Bralyx's 135 employees in the Vila Gumerindo district of south São Paulo actually make?

The answer is an extensive and cosmopolitan list of various kinds of sweets and savories. It includes not only the Brazilian favorites — the chicken savory known as coxinha, the pão de queijo cheese bread and the brigadeiro chocolate sweet, for instance — but delicacies from other countries. These include items like arancini and gnocchi from Italy,



HANDOUT

1 Trade fair in Dubai: live demonstration

2 Maamoul: Arab sweet in the portfolio

kibes and maamoul (a sweet made of dates and nuts) from Arab cuisine, small fried balls of cod from Portugal, chipa from Paraguay, croquet from Spain, rellenitos (small balls of banana filled with black beans) and pupusa (small balls of corn and pork) from Central America, and galletas (biscuits) from Mexico. Even further from home are snacks like the Egyptian kahk (sugary biscuit) and modak, a small coconut-based sweet which Indians usually offer to the elephant god Ganesh.

Poleto founded Bralyx in 1994 with his sister Beatriz who is still his partner. He has an impressive track record and has accumulated vast experience of working in food plants and multinational producers of equipment for the industry. When he decided to set up his own business, he looked at the big food companies, a market he already knew. He was thinking of supply-

ing them with machines to make fresh pasta, amongst other items. However, he soon noticed that there was a demand from smaller companies — restaurants, bakeries and buffets, amongst others — for equipment that could produce coxinhas,

Bralyx wants to expand exports from 9% to 15% of its revenues

pastries, cheese bread and similar savories.

Poleto joined up with an Asian company and developed a line of products for these clients which are still the company's driving force. Shortly afterwards, he formed a partnership with a multinational for which he had already worked

and created his first equipment directed at the cuisine of another country for an Italian client. This machine makes arancini (a kind of fried rice ball that is common in Sicily). From then on, he took advantage of being in a country of immigrants like Brazil in which food traditions from all continents are familiar. He started producing his own equipment for Arab, Italian, Portuguese and other types of cuisine, as mentioned above.

Bralyx concentrated initially on the savories line (with the exception of the typical Brazilian chocolate sweet called brigadeiros). However, he expanded the company's portfolio a year and a half ago and entered the market for equipment to produce biscuits and confectionery items, such as butter flavored

Pequenas notáveis

You don't need to be big to go international

sweets, muffins, meringues and petit fours. Poletto says this is a more disputed global market than savories. "However, we are already starting to sell even to France," a country known for its traditional and refined patisserie. In France, the Bralyx equipment produces classic confectioneries such as colored macarons, made from egg white and almond flour, and éclairs filled with chocolate or vanilla cream.

The company's operating model

They always receive our employees who stay with them for some time, teaching them how to make better use of the products," Poletto said. "We also promote samplings of products made with our equipment on the domestic and foreign markets."

The company has a 10-strong group dedicated to research and development which works on new equipment as well as finding new uses for the existing machines. One

also led to the creation of complementary items, such as products to cook the dough for the coxinhas in advance and bread them. Other equipment makes the covering for brigadeiros and stamping impressions on biscuits and cookies.

The growth outpaced the current plant and forced the company to make a change. It will move to a new head office in the Vila Mercês district in the eastern zone of São Paulo in the first half of this



is similar to an auto assembly plant and facilitates the expansion of its markets. Bralyx identifies a market niche, projects and develops the machines that will attend it and outsources the manufacture of the parts. It then assumes responsibility for the final assembly of the equipment, marketing and post-sales support. Thanks to this lean production model, it can dedicate half its work force to a direct contact with the market and clients in areas such as sales and providing assistance to the operation. "We offer our clients a lot of training, in Brazil and abroad.

example in this latter category was a recipe for vegan coxinha without gluten which was aimed at the vegetarian market as well as that of people who have an allergy to this protein. It also created a bean ball savory known as a bolinho de feijoadá, made with beans and filled with dried meat. Developing the equipment in this way has led to many advances, including making adjustments to machines so they can process different mixtures in different ways. This is the case with the mixtures for the production of coxinhas, kibes and small pies. It

year. The new plant, which measures around 3,000 square meters and required an investment of R\$ 8 million, will give Bralyx a more comfortable base. However, the motor for the international expansion remains the vast network of relationships Poletto created during his time in the food industry and supplier chain of equipment for food producers. "I'm a traveling salesman and, like my partner, am always travelling and taking part in events," he said. Bralyx is part of the Foodservice Sectorial Project—developed by ApexBrasil (Brazilian

PICTURES: HANDOUT

- | | | |
|---|---|--|
| 1 Machine to
make brigadeiros:
Brazilian specialty | 2 Stand at
Gulfood in Dubai:
11 fairs a year | 3 Poletto: Global
travelling
salesman |
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Trade and Investment Promotion Agency) and Abiepan (Brazilian Association of Equipment, Ingredients and Accessories for Food) to promote Brazilian products in the sector. It participates in a number of trade fairs abroad where it listens to clients and prospects for opportuni-

ties in new niches on the global market. There will be 11 such events in different countries this year alone. A large part of the company's exports are carried out by distributors although it makes some international sales directly.

UK, France, Australia and India — as well as lesser-known places like Réunion (a French possession in the Indian Ocean). Poletto and his sister opened a Bralyx operation in the English town of Bedford, 70 kilometers north of London, in 2013. They chose Bedford for its air and

cies already mentioned, the maa-moul and the kibe. The other is the United States where Bralyx expects to receive engineering and food safety certification for its products in the first half of this year. The company has already sold some ma-



ties in new niches on the global market. There will be 11 such events in different countries this year alone. A large part of the company's exports are carried out by distributors although it makes some international sales directly.

What are Bralyx's next steps on the world stage? Poletto has two particular markets in mind. Firstly, the Arab world which is currently one of his priorities and the direct target for a line of machines launched about two years ago. These are called MK and bring together the initials of the two regional delica-

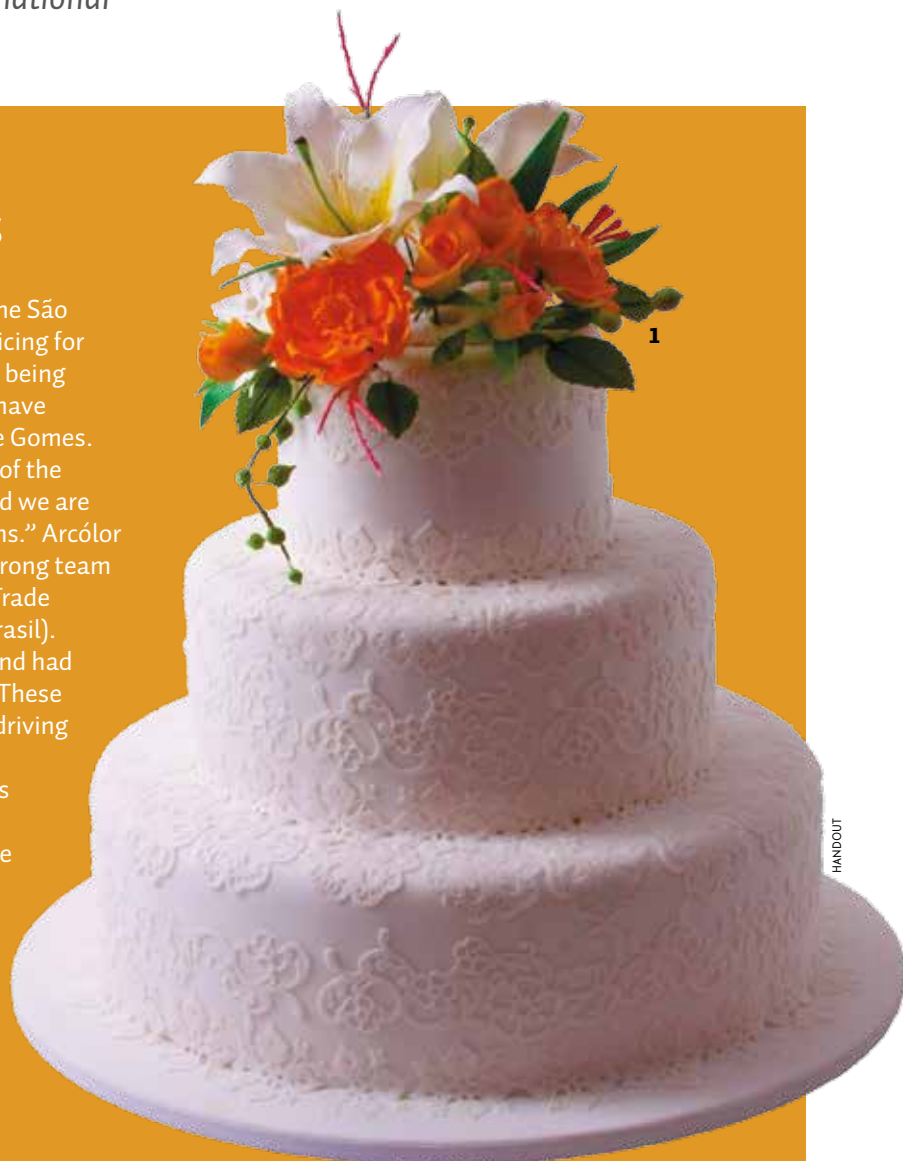
chines on the American market but it cannot negotiate with any large distributor without this quality seal. A company has already been opened in the US and Bralyx is ready to plunge into the immense American market when the certification is granted. "The United States may be very important for our business," said Poletto. Why? "There are people there from all cultures, just like Brazil: the Americans themselves and also Arabs, Italians, Hispanics and Brazilians, amongst others." A great opportunity for someone who offers such a varied menu.

Small but outstanding

You don't need to be big to go international

Icing cakes in the United States

A year after setting up business in Miami, the São Paulo company Arcólor — which produces icing for cakes — is celebrating the results. “We are being very well received in this market where we have competitive prices,” said director Alexandre Gomes. “After a year of operating locally, the share of the American market came to 5% of exports and we are aiming to raise this to 30% within 12 months.” Arcólor has a rented warehouse in Miami and 16-strong team that uses offices provided by the Brazilian Trade and Investment Promotion Agency (ApexBrasil). Arcólor is run by Gomes and two partners and had revenues of around R\$ 85 million last year. These came not only from the icing - which is the driving force of international sales - but also from products such as food coloring and mixtures for the cheese bread called pão de queijo in Brazil. As well as clients in the Americas, the company also sells its products in Europe and Africa. Exports make up just under 7% of total sales but the curve points higher. “This share is set to double in 12 months,” Gomes predicted.



Searching for innovative small companies

Small and medium-sized enterprises in São Paulo have up to May 4 to apply for support from the São Paulo Research Foundation (Fapesp) through its Innovative Research Program in Small Companies (PIPE). The company must have no more than 250 employees and the proposal can include research projects for

products, processes or services in all areas of knowledge. Fapesp has allocated R\$ 15 million to finance the projects and the program has flexible demands. The company does not need to be formally constituted and candidates do not need to have academic research qualifications at graduate or postgraduate

level. They only need to show knowledge and technical skills in relation to the project. The PIPE program was founded in 1997 and has already given backing to over 900 small companies. Further information about applications and the program can be found at the following sites: www.fapesp.br/9314 and www.fapesp.br/pipe.

1 Cake icing: market in the US
2 Heloísa: time to win markets
3 and 4 Conap's Cristiano (right): More propolis for Asia

The smallest shall be first

The exchange rate means the dollar is benefitting exports by smaller Brazilian companies, at least for the time being, says Heloísa de Souza, technical director of Sebrae, the official agency that helps small and medium-sized enterprises. "They are receiving more in Reais and will only feel the impact from the stronger dollar in rebuilding inventories." Sebrae estimates that small businesses — with maximum annual revenues of R\$ 3.6 million — create around 1.2 % of the total amount of Brazilian exports. However, it is difficult to predict whether the number of small exporters will expand as exporting depends on the business strategy and not only the exchange rate, she warns. "Only companies that have prepared themselves will be in a position to take advantage of the moment". She has noticed that the recent successes by smaller exporters has come from those companies that added value to their products. "Autoparts and footwear producers have increased exports in recent years, despite Asian competition, as have furniture producers.



CHARLES DAMASCENO
2

Fewer kilos in the Americas

The Brazilian chain of slimming and beauty clinics Emagrecentro is setting up operations in Santa Cruz de La Sierra (Bolivia) and Bogota (Colombia) in the first half of this year. It will then open up for business in Miami in the second half. The company, which has 150 outlets in Brazil and had revenues of R\$ 45 million last year, is undertaking an international expansion plan. The model is a

mixed one, with franchises and own stores (in the case of Miami). The Multfranquias group, which owns the brand, has chosen master franchises in Bolivia and Colombia that will manage the businesses in each country. Edson Ramuth, the group's managing director, has ambitious plans and wants to have 300 outlets abroad within five years. The brand name will be altered to

Emagrecenter in other countries. "Brazil has a very good image in this area abroad. Our chain is the biggest in the world in the slimming and beauty clinics segment," he said. Ramuth will move to Florida in the middle of the year to coordinate the international expansion. (Like Arcólor, Emagrecentro will also use the office structure maintained by ApexBrasil.)

The appeal of propolis

Japan is a great user of propolis, a resin with therapeutic properties produced by bees which is also called bee glue. That is why Brazil's National Beekeepers Cooperative (Conap) chose Japan as the site for its first office abroad and opened up for business in March. The cooperative brings together more than 200 beekeepers from Minas Gerais, São Paulo, Espírito Santo, Bahia and other states. The Conap president, Cristiano Carvalho, said exports accounted for around 65% of business and go to Japan, South Korea, Taiwan, Hong Kong, Thailand and Belgium (from where they are distributed to the European market). The plan is to expand. "We want the Japanese office to become a hub to increase our presence in Asia which is the world's main consumer of propolis," Carvalho added.



3 4

G A S T R O N O M Y

Good, cheap and Brazilian

IN THE footsteps of places like Dalva e Dito, Mocotó, Tordesilhas and Brasil a Gosto, restaurants that boosted Brazilian cookery in São Paulo, for local customers as well as expatriates, comes the surprising Micaela. It is located in a small two-story house in rua José Maria Lisboa at the corner of Joaquim Eugênio de Lima in the Jardins district. It looks like a neighborhood bistro but has a strong gastronomic character. The chef, Fábio Vieira, has created a pleasant decorative touch and relaxing atmosphere but wait and see what comes from his kitchen. His cuisine - a kind of "turf and surf" inspired by the cooking of Minas Gerais state and Portugal - seen in a happy daring creation like canjiquinha grits with sausage made without fat and shrimps. The baião de dois dish of rice and beans accompanied by pork rib with an egg and crispy farofa flour is fantastic. The menu even features pirarucu fish in a yellow sweet and sour sauce extracted from wild manioc aromatized with iquiriba, a herb from the Amazon region, and, a delicious steak with two fried eggs on top known as bife à cavalo, a dish not easy to be found outside the bars in the city center. This reliable cuisine has a family feel and origin as Micaela was the name of Fábio's great grandmother who was a great cook. His DNA seems very strong. www.restaurantemicaela.com.br

ELIAS DINIZ/ALFIO

2

D E S T I N A T I O N S

Barcelona direct with TAM

BARCELONA EVOKES the good life of the Mediterranean, the architecture of Gaudí and the genius of Messi on the football pitch. However, Spain's second city, located 180 kilometers from the border with France, is also an important financial and business center and has one of the busiest ports in Europe. Singapore Airlines established the first direct São Paulo-Barcelona link some time ago with a stopover by one of its Boeings 777-300 on the Brazil-Singapore route. The flight has three classes, coach, executive and first, the latter with its famous individual suites. TAM will also be operating this route from October 1, marking its second flight to Spain following Madrid and its sixth European destination after Madrid, Paris, London, Frankfurt and Milan. The flights to the Catalan capital leave on Tuesdays, Thursdays and Sundays, with an Airbus 330 in two classes, coach and executive which TAM calls Premium Business. Bon viatge! (as they say in Catalan). www.tam.com.br

1





FLYING

Code sharing

CODE SHARING is an agreement between two airlines under which one company sells a service that will eventually be provided by the other and vice-versa. The ticket and the timetable contain the codes of both companies. The recent code sharing agreement between TAM and Japan's JAL will allow passengers from the Brazilian carrier to fly to Tokyo with a ticket issued by TAM. The flight is operated by TAM until New York, the halfway point, and by JAL from New York onwards. On the other hand, passengers with a JAL ticket coming from Japan via New York will arrive in São Paulo or Rio on TAM flights. On arrival, they will be able to connect to a dozen other cities throughout Brazil. "Trade relations between Japan and Brazil warrant providing more flight choices on the companies' routes for business travelers," said Claudia Sender, Tam's CEO. "Brazil is the country with the largest Japanese community outside Japan and this codeshare will facilitate the connection between the two countries even further". The two airlines are part of the OneWorld alliance and passengers can gain miles with TAM's Fidelidade program and JAL's Mileage Bank (JMB).

1 Served at the Micaela, tapioca pastry, shimeji mushroom, cheese and rucula

2 Code share with JAL leads TAM to Japan

3 Miolo's Tempranillo served In the KLM executive class (below)

PRIVILEGES

Even more first class treatment for first class fliers

THE DAY is coming when planes carrying first or executive class passengers will have priority when landing in the UK. This forecast was made in a recent speech by Richard Deakin, the head of the National Air Travel Services, according to the Sunday Times. Mere mortals already look with envy at the private lounges with food and drink, comfortable seats that fold into beds and the absurd amount of leg room the VIPs upfront in the plane enjoy. These passengers may even end up waiting at the end of the line to land if they are in no frills or single coach class flights. This new privilege will only be granted to planes from the same company and only after the air traffic control system has been modernized. The airline will then decide which of its planes that are closest to the destination will land first. The aim is always the same; to provide more comfort and privilege to those upfront who pay a lot so those at the back can pay less.

FLYING HIGH

On the wings of Miolo wine

A EUROPEAN airline will be serving Brazilian wine to its first and executive class passengers for the first time. The Miolo wine producer from southern Brazil will provide the Dutch airline KLM with an exclusive Tempranillo wine from 2013, bearing a reproduction of a Van Gogh work on the label. Fourteen thousand bottles will be available initially. As Europeans take their wine seriously, this partnership could be seen as a great breakthrough for Brazilian wine in general and Miolo products in particular. Have a good trip!



HOTELS

A novelty in Miami

IT IS difficult to come up with something really new when it comes to boutique hotels in the land of boutique hotels but the Thompson chain has managed to come up with a real innovation in Miami Beach, in the heart of Collins Avenue. (The venerable Fontainebleau is three blocks away.) The trick was to transform an art deco building and decorate it with the atmosphere of the 1950s, with scrupulous attention to ensure the details were in good taste. (The work was created by Swedish architect Martin Brudnizki.) There is a spa, beach, gastronomic restaurant by chef Michelle Bernstein and two bars that even non-drinkers would not complain about. The Thompson Miami Beach hotel has daily rates starting from US\$ 349 although a promotion price of US\$ 399 which runs to the end of April includes lunch (for two people), welcome drinks and entry to the Pérez Art Museum. The chain also includes the Hollywood Roosevelt in Los Angeles and the Belgraves in London. www.thompsonhotels.com



AIRPORTS

Flying on the tracks

THE RAIL link at Washington's Dulles International airport to the city center is fully operational. The link is known as the Silver Line although its official name is Dulles Corridor Metrorail. It was built with state-of-the-art technology, with part of the track above ground and part underground, and is connected to the Washington metro system. The first 18 kilometers have five stations and passengers are guaranteed an automated, safe, smooth and trip right to their destinations. This is great news for passengers on the daily United Airlines flight from São Paulo to the American capital.





SANACORE

1 The Thompson Miami Beach boutique hotel

2 A train now connects Dulles airport to the center of Washington

MARKETING

Money-saving technology

GERMANY'S LUFTHANSA carried out a survey of its frequent flyers and found that price was the main factor in their decision to buy an air ticket in 92% of cases. To create a more efficient sales tool, the airline combined two companies, Criteo, the global leader in digital marketing performance, and Vayant Travel Technologies, the leader in innovation in searching for flight tickets. The aim is to feed the data in real time on the price of flights in Internet announcements. This means the company can create personalized advertising for its key travelers, based on their flight history or surveys that they are undertaking at that moment. "By incorporating the data coming from the Vayant platform, we can ensure that the airline's personalized announcements are showing prices that are more adapted in real time to its consumers through each device and contact point – display, app, email and mobile," said Eric Eichmann, Criteo's President and CEO. The integration with the Vayant FastSearch products instantly shows updated flights in the search results. Lufthansa is the first company to use this price-based solution and the initial results showed a 100% increase in the reservation conversion rates.



1

Globe-Trotter

EXPRESS TOURISM

VENICE,

BY PATRICIA ANASTASSIADIS

PATRICIA IS originally from São Paulo and is a well-known interior decorator, with more than 700 projects carried out on three continents. Examples of her works can be found in Brazil, Chile, the US, Spain, Portugal, Angola and São Tomé e Príncipe. She has a declared passion for one of the world's most splendid cities, Venice.

She never tires of getting lost by the canals, alleyways and little squares, and trying out the stores and restaurants that provide the unique atmosphere of this seafaring city, along with its splendid Gothic and Renaissance architecture. Here is a highly personal guide she has prepared for PIB.

If you only have a few hours...

I USUALLY arrive in Venice in the morning and for my first meal of the day go straight to the Monaco Grand Canal Restaurant which is located in front of the Punta Della Dogana point at one of the departure points for the gondolas. (However, that does not mean you can't get there at the beginning of a free afternoon at the end of the trip). I recommend a pasta with prosciutto on the verandah of the restaurant which has an amazing view. Try and arrive before 14:00 as the kitchen closes early.

FROM THERE, I would head for the Museu Correr in the Piazza San Marco, see the exhibition that is on at the moment and admire the collection of Venetian art and historical artefacts. While you are still in the Piazza, I feel a visit to the Basilica de São Marcos as a must. (The Palazzo Doge is

also incredible but will certainly take up all the few hours you have.) I would then walk in the direction of the Campo de San Stefano for an ice cream in the Gelateria Paolin.

I ALSO think it is worth stopping at the Caffè Florian in the Piazza San Marco in the afternoon. This café was founded in 1720 and is regarded as the oldest café in Europe. Buy a souvenir in the Veneza La Estampa store which is owned by Camila. This place has maps and prints that make an unusual and great present. A more simple and portable choice is a colored Murano glass pen to write with ink, a present that is very symbolic of the city. I think the best thing about Venice is to wander around aimlessly. However, if time is short I would not go far from the Piazza, as it is the place you always need to go back to.





1 The Grand Canal: the city's main avenue

2 Florian: the doyen of cafés

3 Interior of Aman: tastefully reformed

4 Punta della Dogana: site of the Pinault collection

5 Campanile in Piazza San Marco: landmark

If you have a whole day...

IF YOU have already followed the first itinerary, I suggest two other walks. The first is to go to the Palazzo Fortuny, the former home and studio of Mariano Fortuny y Madrazo, an eclectic artist who was an essential part of Venice life in the 19th and 20th century. He was a painter, photographer and costume designer who created fabrics and revolutionized theatrical scenography and lighting. This is one of the most beautiful museums in the city as far as I am concerned. (Note that it is closed from March to mount an exhibition on Luca Pacioli and the "divine proportion" in art that will open in May.) My second option would be to go to the Campo de San Stefano heading towards the Ponte dell'Accademia and the Punta Della Dogana, the museum that houses the collection of François Pinault, the French magnate who owned the Printemps department store and famous brands like Gucci and Chateau Latour wine.

ON YOUR way back, crossing the Ponte dell'Accademia, heading towards the Rialto you will see small shops that are worth paying a visit. These places sell Venetian masks, jewelry and stationery. Passing the bridge, we follow the Municipal Market and arrive at the new Aman resort in the Palazzo Papadopoli. This building, including the entire palace, frescos and internal architecture, has been beautifully restored. I would stop there



HANDOUT
1

2

MARC DE TOLLENAERE



HANDOUT
4

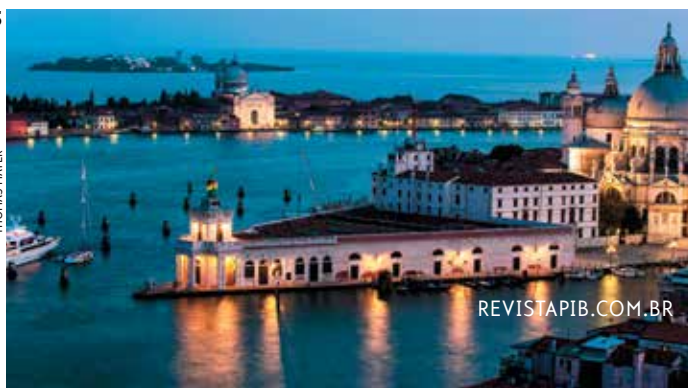


3

HANDOUT

5

THOMAS MAYER





1
HANDOUT

just to have a special drink called Papadopoli, a liqueur made with elderberry, which is very difficult to find. Gazing at the canal at the end of the afternoon while listening to a violin is a lovely experience.

ON THE return from the Papadopoli, you will pass a small market on the corner of Calle Donzella 394 with Ruga Dei Spezieri where I found the actual liqueur made from elderberry, known as Saint Germain. It is nice to take this souvenir home. You can also buy a marvelous funghi mushroom and a pasta with tartuffe there. I buy my own things in the market to take home. At the end of the day, I would go to Da Ivo, an exceptional restaurant whose owner is Signore Giovani. Or I would have curried shrimps with pilaf rice at the legendary Harry's Bar, accompanied by a bellini.



6

HANDOUT/ CIPRIANI



HANDOUT/ CIPRIANI



HANDOUT HOTEL DANIELI/RESTAURANT TERRAZZA/MATTHEW SHAW

If you have a weekend...

I WOULD add renting a boat or motor boat to your list of things to do and make a trip to Murano where you can see glass blowing, and also to Burano, to see the lace products that are typical of Venice. I would also take advantage and visit the workshop where the gondolas are built. It is a very beautiful place nearby and I think it is something special. I would then walk in the direction of the Arsenale and the Bial gardens, a fantastic stretch. Passing the Hotel Danieli, I would have a coffee and admire this beautiful view that is typical of Venice. As you head towards the Arsenale — the former shipyards where the powerful vessels of the Venetian fleet were built — it is worth paying attention to the architecture. When exhibitions are being held, the work is carried out in the Giardini and Arsenale, which is magnificent. A visit is worthwhile even outside the exhibition period to get to know the area which is very beautiful with all the tiled work sheds.

DESCENDING THROUGH the canal, just before the Arsenale, you find the Il Mercante Veneziano store. The owner, Roberto, makes notebooks with leather covers and hand-crafted, stitched paper. His work is



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beautiful! There is also a collection of Venetian masks made by artist Stefano Barnabe who uses plaster and finishes the masks by hand. I have been buying these lovely masks for a number of years now. If you come from the Piazza to the Giardini (a reasonable distance), it is worth admiring the incredible view in this region. It is exactly the scene of one of Turner's works in which he painted the whole coastline – in itself, a painting. There is a little bar at the entry to the Biennial called Paradiso where you can sample a spritz right in front of the water. This is where the pavilions of all the countries that take part in the shows, bookstores, cafés etc. are located.

IF YOU have time, go to the Palazzo Grassi, another museum run by the François Pinault Foundation. The Teatrino do Palazzo in this street is a project by the Japanese architect Tadao Ando. The Teatrino has been ready for a year. It presents

films, lectures and has a very good program. As I am a member of the Punta Della Dogana (whose transformation into a museum is also a Tadao Ando project), I receive all the programs of the Palazzo Grassi, as well as the Teatrino.

IN CONCLUSION, a tip on accommodation. The Palazzo Grassi is a hotel I like very much. Philippe Starck was responsible for its reform. It is not so close to the Piazza San Marco but I love the route from the hotel to the square which is full of interesting things. One of my favorites is the store that sells embroidered napkins by Chiarastella Cattana, an excellent designer. Next to it is a great shop selling glass in contemporary style and the Santa Maria Novella perfume store is in front of it. Venice is not just the Biennial. It has a very rich cultural agenda, with cinema, art and architecture the year round in a series of events that make it one of the world's most fascinating cities.

1 Aman from outside (lit up): Palazzo Papadopoli

2 View from Danielli: over the canal

3 Teatrino: project by Tadao Ando

4 e 5 Stationery and masks: hand-made items

6 e 7 Bellini from Harry's Bar: Venetian icon

Khartoum and beyond

The challenges of a spell in Africa heading a Brazilian-run agricultural project in Sudan

*RENÊ MAURICIO PEREIRA BARRETO

I landed in the capital of Sudan in November 2012 as the manager of the Sudanese-Brazilian Modern Agricultural Project, a joint venture of the Pinesso Group (from Mato Grosso do Sul state) and businessman Paulo Hegg with the government of Sudan and the Arab Authority for Agricultural Investment and Development (AAID). We were there to produce and export cotton and introduce Brazilian technology for planting and harvesting grains. An area of 10,000 hectares, located in the fertile, clay-rich lowlands lying between the White and Blue Niles, was already being planted with cotton, corn, sunflowers, sorghum and beans. Investments of US\$ 37 million were made, including the upgrading of a cotton production plant in Ad-Damazin, the regional capital.

My new residence-office in Khartoum, which I shared with a Brazilian couple who worked in the company, was a big spartan house with simple furniture, uncomfortable mattresses and a bathroom in which there was no pressure in the shower. A dusty office was located on the lower floor. I often worked with the windows closed and the air conditioning on as temperatures reached 35 degrees Celsius at night. The routine was only broken

by meetings elsewhere and a short weekend of a single day (along with the expected four or five days off every 40 days). The relationship between the Brazilians and Sudanese was difficult as a result of the different experiences and the way the two sides viewed the business. More than half the 50 employees were Brazilians, many of whom

company at the same time, I had to manage the different view of both sides. While the Sudanese gave priority to the social inclusion of the workers and the distribution of the technology, the Brazilians were also concerned about the profitability and productivity of the business. At the same time, the financial control was in the hands of the Sudanese government but the Brazilian partners carried out the technical and administrative management. In practice, the company had two bosses. Bringing together these aspects always had an impact on the daily running of the business and was the subject of many meetings at the Sudanese Agricultural Ministry.

PERSONAL COLLECTION



A few months later, when I was thinking of going home, I was promoted to the position of *general manager* and stayed on for another year.

At the end of the day, I believe I made a contribution that significantly improved the relationship between people, using coaching and conflict management techniques. I also helped introduce new planning and administrative tools. I think the productivity of the soil and the overall business efficiency are now much better. In the end I felt that what I had

were working on a farm 600 km from the capital in a region where there were conflicts and precarious living conditions. These problems led to a high staff turnover.

As the representative of the Brazilian partners on the management committee and head of the

done was equivalent to an international MBA in practice. It was tough but I have good memories, I learned a lot and have great fondness for the friendships I made. Above all, I am proud to have taken part in a Brazilian enterprise abroad that created wealth and jobs.

*Renê Maurício Pereira Barreto is a Foreign Trade executive and specialist in placing Brazilian products on foreign markets. He is currently export sales consultant at the Sainte Marie trading company.



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