



BRAZILIAN COMPANIES GO INTERNATIONAL

:: THE NEW TAP

David Neeleman, the founder of Azul, creates a network between Europe, Brazil and the US

:: INTERVIEW

David Barioni wants Brazil's exports to be more sophisticated and make ApexBrasil better known

:: MACHINES MADE TO MEASURE

Abimaq's BMS program pins its hopes on tailor-made solutions to win clients abroad



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NUMBER 31
JUL/AUG/SEP
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Creating differentials

PIB contacted several Brazilian multinationals and asked if times of crisis like this posed any difficulties for them and led them to change their plans. The answers highlighted the difference between speculative capital that arrives and leaves in line with the swings of the moment - like a swallow, as Brazil's Spanish-speaking neighbors put it - while direct productive investment has to be anchored for longer periods. All the companies consulted said that the crisis in Brazil and the difficulties in other parts of the world had not impacted their strategic plans and they remained determined to invest in expanding their capacity abroad.

Our cover story, by editor Armando Mendes, examines what some of Brazil's furniture exporters are doing to regain the foreign market they lost when the Real was strong. The recipe is to move up the productive chain, investing in design, technology, innovation and quality to escape being dependent on a favorable exchange rate. One lesson is that it is not enough to exploit the advantages that nature gave Brazil with its fantastic varieties of wood to win global markets. Companies such as Butzke, Saccaro and Alot Of Brasil are building other differentials, based on knowledge and inventiveness.

The machinery and equipment sector is also making its way on the external market. This is the subject of a special report by freelance contributor Dario Palhares. Producers who have joined forces in the Brazilian Machinery Solutions, a joint program of the trade association Abimaq and ApexBrasil, have learned that offering tailor-made machinery to meet potential clients' needs helps them win sales at the expense of Chinese and Indians competitors - directed at mass, standardized production - and the sophisticated (and expensive) European brands.

Our editor Marco Antonio de Rezende set off to find out about the plans of David Neeleman, the American-Brazilian businessman who created the airline Azul and has just acquired control of TAP Portugal with a Portuguese partner. Neeleman claims that Lisbon will become one of the points of a triangle of routes that will also include Azul, in Brazil, and a heavyweight partner in the US - the long-established United Airlines.

Remaining with travel, Miami is the main feature in the Express Tourism section and we present a route recommended by executive Walter Hormann who has lived there for many years. Rio de Janeiro appears in the Executive Travel section with a report on another step in the reform the city is undergoing ahead of the Olympics. This time, it is the well-known Praça Mauá square which is being reformed to receive the Museum of Tomorrow, the first work by the Spanish architect Santiago Calatrava in Brazil.

Have a good read.
Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL



PIB
BRAZILIAN COMPANIES GO
INTERNATIONAL

A QUARTERLY MAGAZINE FOCUSING ON
INTERNATIONAL BUSINESS AND ECONOMICS

PUBLISHER

Nely Caixeta • nely@revistapib.com.br

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Picture: Handout/Butzke

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INTERNATIONAL AND BRAZIL
(55-11) 3097.0849

publicidade@revistapib.com.br

Av. Brigadeiro Faria Lima, 1903, cj. 33

Jardim Paulistano - 01452-911 - São Paulo - SP

PRINTING

Prol Editora Gráfica Ltda

Where to buy past copies: direct from the publisher

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Signed articles do not necessarily represent
the opinion of the editors. Totum reserves
the right to edit or summarize letters.

LEGALLY RESPONSIBLE JOURNALIST

Nely Caixeta (MTb 11 409)

PIB - Brazilian Companies go International

is published by Totum Excelência Editorial

Av. Brigadeiro Faria Lima, 1903, cj. 33

CEP 01452-911 - São Paulo - SP

(55-11) 3097.0849 - contato@totumex.com.br

PRINT RUN FOR THIS EDITION

Portuguese - 20.000

English - 5.000

Prêmio Proex Excelência 2015

O nosso jeito de parabenizar as empresas brasileiras que se destacaram no mercado internacional.

O Prêmio Proex Excelência é uma iniciativa do Banco do Brasil para incentivar e valorizar o comércio exterior brasileiro pelo reconhecimento dos exportadores que se destacaram no uso dos recursos do Programa de Financiamento às Exportações – Proex.



Antenna



1 2

Brazil slow to change

Brazil is not a country that is ready to face up to accelerated changes and its situation is becoming worse. This claim was made by the international consultancy KPMG in a ranking called the Change Readiness Index -CRI it compiled in partnership with Oxford Analytics. Brazil fell by 17 places in 2015 over the previous study — dropping from 42nd to 59th place. Singapore, Switzerland, Hong Kong, Norway and the United Arab Emirates lead the 2015 index as the countries that are most prepared to face up to accelerated changes and take advantage of the opportunities they offer. The changes regarded as wide ranging include natural disasters, economic and political crises, demographic transformations and the surge of new technologies. KPMG said the worsening in Brazil's position was partly caused by the deterioration in the economic situation.

ANTONIO CRUZ/AGÊNCIA BRASIL



On top of the Olympics of the professions

Brazil emerged as the winner in a different world tournament held in São Paulo in August: World Skills, the biggest international professional education competition. It is a kind of Olympics for technical professions. However, instead of sports tests, the young rivals, aged from 16 to 22, competed to see who was the best in 50 occupations in the industrial and services sectors. The various categories of the competition included Mechanical Design in CAD; Turning, Milling CNC, Mechatronics and Mobile Robotics; Structures Carpentry; Web Design; Jewelry and Baking.

The 56-person Brazilian team came first in the results table with a total of 27 medals— 11 gold, 10 silver and six bronze — along with 16 certificates of excellence awarded to the competitors who achieved a minimum score. Brazil was followed by South Korea — winner in the previous seven contests — France and Japan. It was Brazil's best performance since it first took part in World Skills in 1983. The biannual competition has been held

for 65 years and this was the first time it took place in a Latin American country. Around 1,100 students or recent graduates from professional schools from 67 countries took part in the World Skills event in São Paulo. The Brazilian team was trained for the competition by the National Industrial Service (SENAI) and the National Confederation of Industry (CNI) which commemorated the victories. Felipe Morgado, SENAI's general manager of professional education, said the result showed that Brazil had quality professional education. What was now needed was to expand the supply, reach and prestige of this educational system. Morgado said Brazilians had the view that high school was simply a step to higher education and only 8.4% of young people registered in them chose a technical course. This compared with the developed countries of the European Union and the OECD where the percentage of high school pupils in professional education came to almost 50%. The ratio was even higher in some, such as 67% in South Korea and over 69% in Finland.

1 Brazilian competitor in action...

2 ...and view of the Anhembi center: tournament for professions

3 Merkel in Brasília: joint research



3

Working with the *Mittelstand*

The visit to Brazil by the German chancellor, Angela Merkel, opened a window of opportunity for Brazilian companies interested in linking up with the well-oiled German machine of mid-sized and small technology companies, known as the *Mittelstand*. Authorities from both countries launched a public call for Brazilian and German entrepreneurs to present joint research and development projects to create new technologies. To qualify, at least one of the companies in each country must be involved in the project to create a new product, process or service with an industrial use for the domestic or global markets. The projects that are approved will receive backing from Brazil's development bank, the BNDES, and Germany's Central Innovation Program for Small and Mid-sized Companies.

Carmen Steffens in New York

Models Adriana Lima and Toni Garrn led the launch of the Spring/Summer collection (SS 2016) of the Carmen Steffens brand, as part of the New York Fashion Week in September. The catwalk, in the Vanderbilt Hall Manhattan in the Grand Central Terminal, marked the first time the Brazilian brand had been presented in New York. The theme of the new collection was the 1970s and the Peace and Love movement with floral prints, fringes and patches. Carmen Steffens is one of the Brazilian fashion brands with a strong international presence and more than 500 outlets in 18 countries. The company makes 17,500 pieces a day, including shoes, bags, clothes and accessories and has been growing by around 35% a year over the last five years.

A helping hand in the US

Brazilians who are interested in investing and living in the United States are the target clients of Boston Innovation Gateway (BIG), a consultancy that is trying to identify business opportunities and guide the potential investor through the bureaucratic and legal processes needed to set up business. Manuel Mendes, founder and director of BIG, worked in consultancy in Boston, Massachusetts, and identified an increased demand for this kind of service. "BIG's priority focus is the private individual - Brazilians who want to live in the US and find a way of obtaining an income there that allows them to maintain their standard of living," he said. (One possibility he suggests is to para "work with franchises.). BIG also carries out consultancy work for Brazilian companies interested in entering the American market. Mendes says that more than 20 brands have already used his services. "In some areas, Brazil has a skill for international expansion that is already recognized. Beauty, health and healthy eating habits, with products like tapioca and muesli, for examples."





HANDBOUT

Lots of sun (relatively) little energy

As Brazil is a tropical country, it is hardly surprising that it has a good position in the global ranking of heating produced by solar energy. It is the fifth largest in the world in terms of solar collection for heating water, with 6.726 GWth of generation capacity and 9.6 million m² of installed collectors. (The figures are for 2013 and were compiled by the International Energy Agency.) China, the United States, Germany and Turkey were ahead. Brazil is also among the three countries that have grown most in terms of solar heating in 2013 and is behind China and Turkey. However, it falls to 33rd position when its production capacity of thermic solar power is compared with the number of inhabitants. The star in this ranking is Israel which can produce 38.2 kWth/'000 inhabitants. Brazil's capacity is no more than 2.6 kWth/'000 inhabitants.

Rice project renewed

The Brazilian Rice Industry Association (Abiarroz) and ApexBrasil announced the renewal in September of the Brazilian Rice project, a partnership to promote the country's rice and by-products on the international market. The agreement, that has been extended until 2017, will have resources of R\$ 1.99 million injected by ApexBrasil (68.5%) and Abiarroz (31.5%). Thirty companies are currently involved in the project, which started out with 22 participants. In the first stage, the participant companies will start to export to 42 countries, thereby doubling the number of destinations covered by the agreement. Foreign sales expanded by 55% at the end of 2014 over the previous year. A tool to publicize the Brazilian product will also be launched in this new stage this year: a book of rice recipes in Portuguese, English and Spanish.

1 and 2
Adriana and
Toni: brand
debut in NY

3 Recipe with
rice: book to
win markets



GUILHERME JORDANI

3

Showcase for the services sector

Services companies gained access in August to an Internet tool known as Exporter Window which publicizes information about Brazilian companies for the international market. Only exporters of goods had been included until then. Now a tab directed at exporters from the services sector on the home page gives them access to a data base from the Integrated Foreign Trade in Services and Intangibles System — Siscoserv. (The link is <http://www.vitrinedoexportador.gov.br/servicos/>.) Companies registered in the portal can create a virtual showcase

and present material, commercial information, contacts, videos and images. The information can be in English and Spanish, as well as Portuguese. Companies that are not yet exporters also have the right to use the program providing they have the potential to do so. link homepage: <http://www.vitrinedoexportador.gov.br/>



3 Lessons (from João de Lima)

How do you overcome resistance abroad? The biggest challenge in mergers and acquisitions is to implement the culture of the new controller. This challenge becomes even greater when it is a South American organization acquiring a company from the developed world. If the initial resistance is not confronted rapidly and decisively, it grows with the passing of time and is always justified by the different customs, the shock of the standards of behavior of each country and the particular situations. The experience accumulated in the history of Brazilian companies expanding internationally — not always successfully — taught João de Lima, a consultant from southern Brazil, three essential lessons. He is the author of *Gestão e Cultura de Resultados*, (Management and Results Culture) published recently by Editora Gente. Lima, the former director of the Human Resources and Organizational Development areas of Gerdau and Magnesita (GP Investimentos) was inspired to create what he calls a new management model in the effort to raise the culture of the two companies to units acquired abroad.

1. Acting quickly

Have a prior definition of the extent of what is to be done right from the initial moment of the incorporation. Any possible resistance must be foreseen. Hit the ground running! Acting quickly with little time for argument should be the key words.

2. Culture is management

Don't speak about culture. Speak about the business management model. You can include essential elements of the culture that define the desired behavior within the model: mission, vision, values, management system, people management and leadership model. It is important to see that the culture and management model come together and you can't separate them — and decide how the company should be run. The merger of these attributes should become the business culture. Start the work immediately, using the management system, i.e. by doing so in practice, not talking about it.

3. Vision of the future

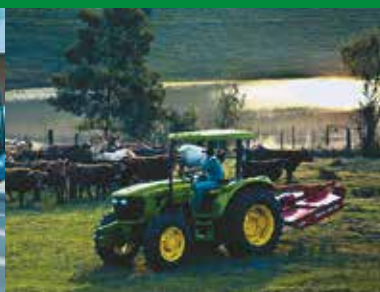
Share a view of the future with the acquired organization that offers a positive outlook for the company and its employees. For this to happen, it is essential to promote the alignment to the model and commitment to the goals that are set. It means winning over the new "partners" with the opportunity and challenge. That is what the Brazilian companies which are highly successful abroad, such as those controlled by the 3G Capital and GP Investments groups, have done.





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Tourism for investors



Projects in the tourism area will become a part of the Catalogue of Investment Opportunities in Brazil which presents potential foreign investors with information about projects and public works offered through concessions and public-private partnerships. The tourism projects will be included in the fifth edition of the catalogue which will be published shortly. The fourth edition was launched in June of last year and was translated into English. It included 176 projects amounting to a total of more than US\$ 136 billion, in areas such as transport, telecommunications, energy and urban mobility. The inclusion of tourist projects arose from an agreement between the ministries of Tourism and Development, Industry and Foreign Trade (MDIC).

Jeep with a Brazilian face

The brand is an American icon, the current owners are Italian to the core but the stores in some parts of the world will have Brazilian design. This is due to a project by the Jeep concession holders — involving the design of the store, the furniture and the internal signs — created by the São Paulo architecture firm Vasques & Cavinat for the launch in Brazil of the Renegade model. This is the first model of the brand to come off the assembly line of a new Fiat plant in Goiana, Pernambuco state. It is a story that could only happen at a time of turbocharged globalization and unforeseeable “marriages”. The concept created by the architectural company for the 120 stores of the Brazilian network was so well received that it will be repeated in the United States, Italy and China. This geographical distribution reflects the origins of the current owner of the Jeep brand, the multinational group FCA (Fiat Chrysler Automobiles).



This giant outfit, with feet on two continents, was created with the merger of Italy’s Fiat and Chrysler from the US. Chrysler, the original owner of the Jeep brand, was acquired by Fiat after almost going broke during the crisis in 2008. (The Brazilian operations of Fiat and Chrysler were merged last year.) The unexpected international expansion of the Vasques & Cavinato team’s work has spurred the firm on to invest in this way ahead. It aims to serve other international clients and already has some new projects in mind.

Research in Singapore

The Brazilian technology services company Stefanini has arrived in the Asian city-state with an ambitious plan. It announced the opening of an office and a research center in September. The company has businesses in 34 countries in the region and is present in China, India, Malaysia, the Philippines and Thailand. It intends making Singapore its hub for the whole of Asia. Marco Stefanini, the global CEO of the group, said the company was negotiating partnerships in the country with the Agency for Science, Technology and Research (A*STAR) and the Singapore Management University to carry out training and support programs. Singapore was chosen to host the company's R&D center in the region as it has a highly industrialized economy, with a large number of multinational companies from all over the world present, and invests in the development of state of the art technology.

More cars for Uruguay

Brazil and Uruguay signed an agreement in August that will allow Brazilian carmakers to export more vehicles in a shorter period to its southern neighbor. Under the new arrangement, Uruguay has agreed to import 10,056 cars and light vehicles, as well as autoparts worth US\$ 99.6 million free of any tax until the end of the year. Under the previous agreement, Brazil could export the same amount of autoparts and 8,504 cars and light vehicles between July 1, 2015 and June 31, 2016. The two countries also agreed to work to increase the productive integration between their economies. This was the third agreement on vehicles Brazil has signed with Latin America countries this year and follows deals with Mexico and Argentina.

1 Lençóis Maranhenses: information for partners

2 Jeep salesroom SP: export model

3 Cosentino: growth in the Caribbean and Latin America

HANDOUT
1

Technology in the Caribbean

The Brazilian management software company Totvs has arrived in the Caribbean. It announced the beginning of its operations in the region through partnerships with two technology companies in the Dominican Republic. The company will also have new partners in Michoacán and Quintana Roo, in Mexico, and in Guayaquil, in Ecuador, bringing a total of five new sales channels for its products in Latin America. Totvs is a leader in the management technology sector in Latin America and is present in 39 countries around the world, through affiliates, franchises and two software and service development centers in the United States and Mexico. Marcelo Eduardo Cosentino, head of the company's international sales, said one of the reasons for expanding in the Caribbean was the outlook for its economic growth. It is expected to expand by 4% to 7% this year, according to the Organization of Economic Cooperation and Development (OECD) and the Economic Commission for Latin America (Ecla).

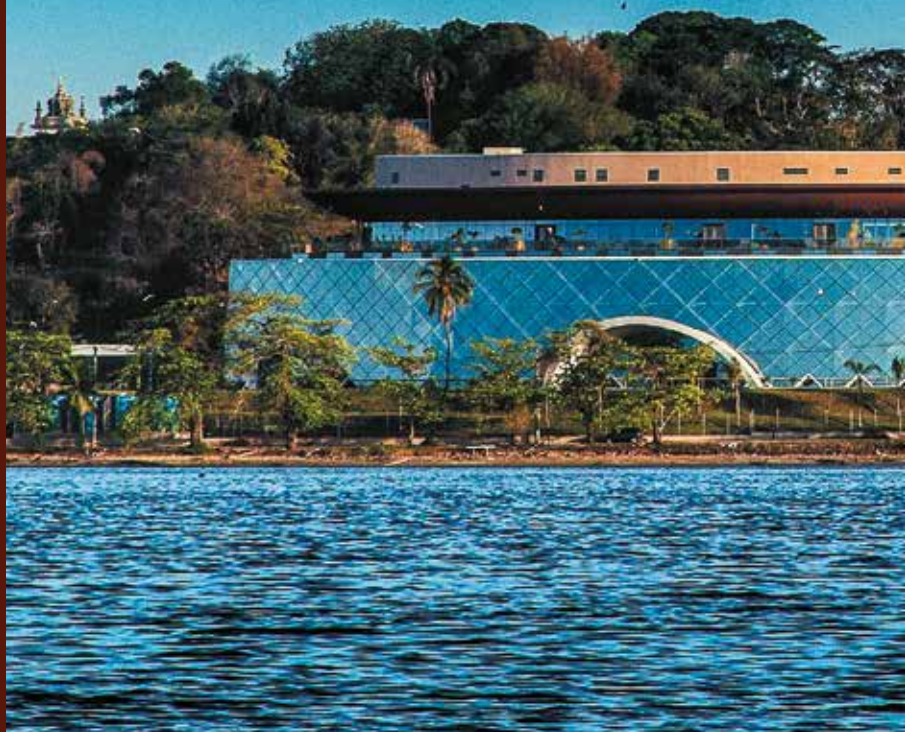
3



GLADSTONE CAMPOS

Biolab chooses Canada

Ontario, in Canada, will be the site of the first international expansion initiative by the São Paulo drugs company Biolab Farmacêutica. It will make an initial investment of R\$ 20 million to set up a research and development center in Ontario, an important hub in the Canadian pharmaceutical industry. These investments should rise to US\$ 40 million in the coming two years with the aim of developing products and carrying out clinical and validation tests. Biolab chose the Canadian province as a result of studies undertaken by the Brazil-Canada Chamber of Commerce which mapped the specialist labor available, the tax incentives, institutional conditions and Canada's innovative environment. "We helped them choose the place, taking into consideration not only the subsidies but the presence of universities that can provide researchers with the profile needed," said Paulo de Castro Reis, the Chamber's International Relations director. Other Brazilian investors in sectors such as technology, mining, coffee, and arts and crafts are also interested in Canada as an international partner, he added.



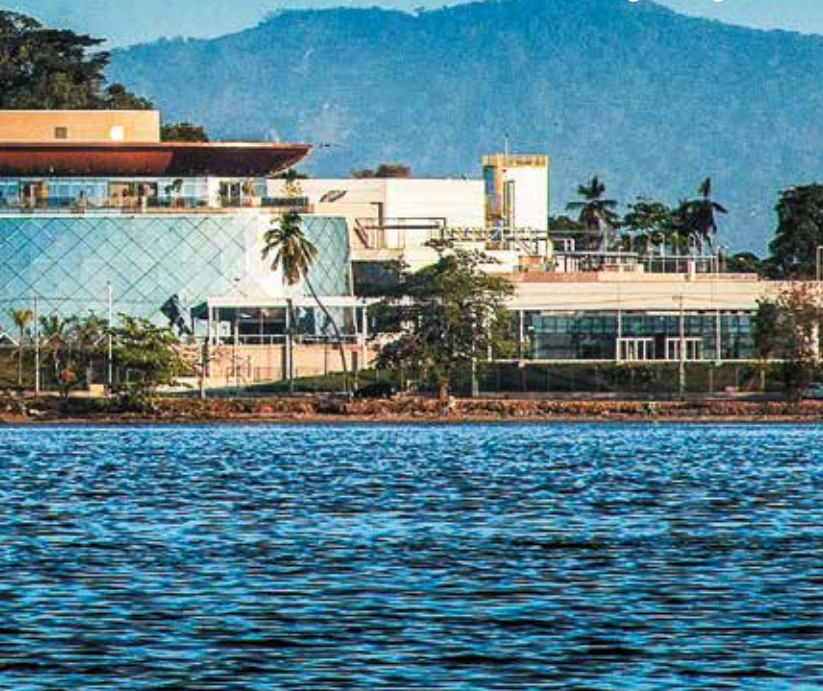
São Paulo is good venue for startups

São Paulo is among the top cities in the world to create a startup company. It appeared in 12th place in The Global Startup Ecosystem Ranking 2015, launched by the software company Compass that assesses the situation of technology markets around the world. São Paulo was the only Latin American city to enter the list of the 20 best cities. The winners were predictable: Silicon Valley, New York, Los Angeles and Boston which took the four top places, followed by Tel Aviv in Israel. Paris (11th) was just above São Paulo, as were Singapore (10th) and Berlin (9th) and Moscow, Austin (Texas)

... and Brazil wants to be chosen

Going in the other direction, the Brazilian government wants to attract global companies to set up their research and development centers in the country. To do so, it has initiated a program called Innovate in Brazil. The aim is to leverage private investment in innovation in such a way as to expand the effort to encourage domestic companies to become more innovative. The Ministry of Development, Industry and Foreign Trade (MDIC), the Brazilian Trade and Investment Promotion Agency (ApexBrasil), the National Confederation of Industry (CNI) and the Euvaldo Lodi Institute (IEL) signed agreements during the Conference on Mobilizing Business by Innovation (MEI) held at the end of June with the aim of strengthening the Innovate in Brazil program.

GE's R&D center in: encouraging innovation



HUMBERTO TESKE

AMONG THE FRONT RUNNERS

São Paulo is ranked 12th among the 20 best cities in the world for creating a startup, according to The Global Startup Ecosystem Ranking 2015

	Position	Variation	Growth Index
Silicon Valley	1	◀	2.1
New York	2	▲3	1.8
Los Angeles	3	◀	1.8
Boston	4	▲2	2.7
Tel Aviv	5	▼3	2.9
London	6	▲1	3.3
Chicago	7	▲3	2.8
Seattle	8	▼4	2.1
Berlin	9	▲6	10
Singapore	10	▲7	1.9
Paris	11	◀	1.3
São Paulo	12	▲1	3.5
Moscow	13	▲1	1.0
Austin	14	new	1.9
Bangalore	15	▲4	4.9
Sydney	16	▼4	1.1
Toronto	17	▼9	1.3
Vancouver	18	▼9	1.2
Amsterdam	19	new	3.0
Montreal	20	new	1.5

Source: The Global Startup Ecosystem Ranking 2015/ Compass

and Bangalore (India) were behind in the 13th to the 15th places. (See list of the 20 best on this page.) São Paulo can also celebrate the fact that it rose one position over the previous report (from 2012) and was third in the growth index of startups, behind only Berlin and Bangalore. The study estimates that between 1,500 and 2,700 technology startups are active in São Paulo. However, some warning bells go off when the ranking is split into five criteria — performance, financing, market reach, talent and experience. São Paulo does relatively well in the first three categories but falls among the last places when it comes to talent and experience. By comparison, Moscow is the only one of the top 20 which is behind São Paulo in terms of experience although it is in second place when it comes to talent, trailing only the Silicon Valley.



Fanem makes sales in Africa

This has been a positive year for the ongoing sales expansion strategy in Africa of Fanem, a São Paulo-based company that produces neonatology equipment to care for newborn babies. It announced in August that it had exported 80 items of equipment to the Health Ministry in Ruanda, a country with around 11 million inhabitants in the central/eastern part of Africa. The equipment - incubators, heated cots, phototherapy units and CPAP respiratory equipment - will be distributed to hospitals and health institutions throughout the country. (The company did not reveal the size of in the contract.) It was Fanem's second victory this year in a public tender in an African state. The first was Ethiopia which ordered 2,625 different kinds of neonatology equipment amounting to R\$ 22 million. Fanem beat competitors from Germany, China, the US, India and Sweden. The company's products are exported to 33 African countries and another 100 throughout the world.

São Paulo seeks scientists

The São Paulo Research Foundation (FAPESP) has presented young researchers with the opportunity to work on projects for institutions and state programs. It made the offer at the Nature Jobs Career Expo held in London in September. The event is an important science job fair which brings together young researchers and potential employers from around the world, including companies, development agencies and teaching and research institutions. FAPESP presented two workshops on research opportunities in São Paulo in the areas of Natural Sciences and Engineering and Life Sciences.



Doing business in the neighborhood

Two of the priority Pacific Rim countries for Brazilian exports — Peru and Colombia — were the destination of a trade mission organized by the Brazilian Trade and Investment Promotion Agency (ApexBrasil) in August and September. Fifty companies took part in the five-day trip to the neighboring Andean countries. Of these, 34 were just starting to export. The mission represented the food and drinks, home and construction, machinery and equipment, hygiene and cosmetics, printing, stationery and office material sectors. It led to deals amounting to US\$ 58 million, some closed on the spot and others to be finalized in the coming 12 months. Of these, US\$ 38.1 million were in Colombia and US\$ 19.9 million in Peru. ApexBrasil said future business was expected to expand by 60% over previous years as a result of the mission, the sixth such trip to the two countries. Of the 75 sector export projects organized by ApexBrasil, Colombia is the main market for 38 and Peru for 26.



Andean attraction

Colombia has been consolidating itself as a preferential destination not only for Brazilian exports but also investment. (See the PIB cover story in the July/August/September issue of 2014.) The ProColombia foreign trade promotion agency announced that the stock of foreign direct investment by Brazilian companies came to an accumulated US\$ 1.9 billion in the 2000 to 2014 period. Fifty Brazilian multinationals operate in Colombia, according to ProColombia. These include Marcopolo (buses), Votorantim (steel and metals), Camargo Correa (engineering and construction), O Boticário (cosmetics) and Eurofarma (drugs). Weg (electric motors) and AmBev (beverages) also recently announced the acquisition of Colombian companies.

SH targets South America

It is not by chance that Colombia was chosen as a starting point for the international expansion of SH, a construction brand that makes and rents scaffolding, forms for concrete and metal scaffolding for construction companies. SH is the leader on the Brazilian market. It set up SH Colombia in Bogotá in July. This was the Rio-based company's first move abroad. SH had revenues of R\$ 260 million in 2014 and invested around US\$ 5 million in the Colombian initiative. Marcelo Milech, business director, said the crisis in Brazil had given the move a boost but had not been the main reason behind the decision. "We have been discussing the move in strategic terms over the last two or three years and began looking at Latin American countries in the middle of last year to set up an outlet," he said. It ended up being a choice between Colombia and Peru, with Colombia winning because it had a more mature economy and better long-term growth potential. Milech also said that SH would take technological innovations to the Colombian construction business. This would have been more difficult in a country like Chile, for example, where the market was contested by European firms with advanced technology. Milech said Colombia could account for the equivalent of 25% of the company's revenues in Brazil within five years. He also did not rule out new launches in countries where SH already had sales representatives, such as Chile, Peru, Paraguay and Uruguay. "If there are opportunities, we want to open more outlets," he added.

1 Fanem: incubators for Ruanda and Ethiopia

2 Medellín: Colombia is attracting investments

3 SH: civil construction technology in Colombia

3
HANDOUT





Relief for the crisis

Now is the time to export, said Brazil's finance minister, Joaquim Levy, at the opening of the 34th Annual Foreign Trade Meeting held in mid-August in Rio de Janeiro. Levy singled out the more favorable exchange rate as one factor that could open new opportunities for exporters and said the current account was beginning to stabilize, pointing to a turnaround in the trade balance. The two-day meeting, promoted by the Brazilian Foreign Trade Association (local acronym AEB), brought together exporters and importers, sector bodies, public institutions, academics and representatives of the government and interested public groups. It was held in the South American Conventions Center in the city center. The Development, Industry and Foreign Trade minister, Armando Monteiro, also took part in the event, known locally as the Enaex 2015, and said foreign trade was one of the channels for the resumption of economic growth. Monteiro highlighted the launch of the National Export Plan (PNE) last June which is based on the pillars of access to markets and trade promotion. He recalled that the Development, Industry and Foreign Trade Ministry (MDIC) and the Brazilian Trade and Investment Promotion Agency (ApexBrasil) had prepared a strategic map to identify the 32 priority markets for Brazil's foreign trade in the 2015 to 2018 period. The minister said the MDIC had been working to increase Brazilian exports to the United States, the Mercosul free trade zone and countries in the Pacific Rim, including Chile, Peru and Colombia

Prizewinning exporters

Banco do Brasil announced the winners of the Export Financing Program Excellence Prize (Proex 2015) during the Enaex 2015 meeting in Rio de Janeiro. The prizes are awarded to companies which have supported their growth programs by using resources from the federal government's Export Financing Program. (BB is the manager of the Proex.) WTA Worldwide Traders, from São Caetano do Sul (São Paulo state), was the winner in terms of its competitiveness abroad. The company has been operating in foreign trade since 2006 and exports agricultural machinery and equipment made by around 20 Brazilian producers to countries such as Canada, Bolivia, Paraguay, Australia and South Africa. This was the fifth time the company had won a Proex prize. The winner in the Commercial Performance category was Brasilmad SA, from Curitiba (Paraná state), which exports pine wood to clients in Europe, the United States, Mexico, Morocco, Saudi Arabia and the United Arab Emirates. The Outstanding Export prize went to Curtume Luiz Fuga, from São Leopoldo (Rio Grande do Sul state), which supplies leather products to more than 10 countries, including the United States, China, Vietnam, Germany and other European destinations. Emerson Fuga, a director of the family-owned concern, said the Proex offered exporters lower costs as the rates were tied to the international Libor rate. Fuga plans to use this advantage to win new clients abroad — particularly in Europe which he described as a demanding market that requires products with higher value and quality.

Fewer direct investments in Brazil

Brazil slipped back in terms of foreign direct investment in 2014 from US\$ 64 to US\$ 62 billion but rose in the global ranking from 7th to 6th position, according to the World Investment Report 2015 of the United Nations Conference on Economic Cooperation and Development (UNCTAD), published at the end of July. Other countries, particularly Russia, lost out more which allowed Brazil to improve its position in relative terms. The total flow of investments between countries dropped by 16% over the previous year. UNCTAD blamed this on a combination of the weakness of the global economy, political uncertainty for investors and the high geopolitical risk.

1 Levy at the Enaex: exchange rate favors exports

2 Vieitas: leading the American Chamber

Deborah Vieitas takes charge of AmCham

Deborah Vieitas will be the first woman to run the American Chamber of Commerce in Brazil, known locally as AmCham Brasil. She was previously head of the Brazilian Association of Foreign Banks. Vieitas made her career in the financial area and has also worked for Caixa-Geral Brasil, BNP-Paribas, CCF Brasil and Unibanco. She replaces Gabriel Rico who has headed AmCham Brasil for the last eight years. The chamber was founded 96 years ago and brings together Brazilian and American companies interested in business between the two countries. It is present in 14 cities and currently has around 5,000 associate members, of which 85% are Brazilian.



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MARIO MIRANDA FILHO/AGENCIA FOTO

In brief

■ Oil – Twenty-one companies chosen by the National Petroleum Industry Organization (ONIP) and ApexBrasil will establish joint-ventures on transferring technology with foreign partners.

■ Startups - The São Paulo state government announced that it was studying the creation of an Investment Fund in Participations for startups and innovative companies directed at the public sector.

■ Art on the pier – The ArtRio 2015 contemporary art fair was visited by 49,000 people in September when it was held on the Pier Mauá in Rio de Janeiro. Eighty galleries from 12 countries took part.

■ Leather – Twenty-three Brazilian exhibitors took part in the All China Leather Exhibition in Shanghai in August. They returned with sales orders of US\$ 37 million.

■ Training - Banco do Brasil trained around 10,000 people in International Business in 2014. It held 12 events on the subject in the first half of the year.

Looking ahead

Four Brazilian multinationals explain why times of crisis are not affecting their long-term international expansion plans

In times of recession and uncertainty at home, what should multinationals from an emerging country like Brazil do? Look to the long term, follow their strategic plans and make a case by case analysis of the markets which present the opportunities that arise abroad. These are the recommendations of four Brazilian companies with a strong international presence - WEG, JBS, Embraer and Stefanini - to a questionnaire sent by PIB. Brazilian companies regularly look abroad in periods of crisis. However, Marco Stefanini, global CEO of the technology services company that bears his name, warns that betting on the international market (or doubling the bet) just to escape from domestic difficulties is an opportunistic mistake that multinationals and candidates looking to operate abroad should not make.

The crisis can bring one-off corrections but should not make any significant change in the plans

of companies which have an international expansion strategy. "We need to have a long-term view. Any economy has setbacks. Going international should be seen from a stra-

Going international is a strategic and not an opportunistic movement

tegic point of view as the return on the investment abroad takes a long time to appear," he said. In the following article, each of the four organizations describes its plans to continue to expand at world level in times of crisis.

■ WEG

The electrical motor and industrial equipment manufacturer from Jaraguá do Sul (Santa Catarina state) — which has production plants in nine countries and a global

presence in over 100 — is maintaining its growth plans and foreign investments as scheduled. The most important of these aims to expand production capacity in Mexico and China where the group's main industrial operations outside Brazil are located. The projects got underway last year with forecasts that US\$ 210 million would be invested in Mexico and US\$ 135 million in China by 2019. Paulo Polezi, the group's CFO and investor relations director, said that when WEG drew up its strategy, it was more important to take into consideration the performance of each client, each market and each segment in particular than the total growth of the economy.

"In normal conditions, there are always sectors that grow, invest and expand capacity. If we have products and solutions for these sectors, we will continue to grow," he said.





WEG sees attractive opportunities in the upturn of the mature global economies — the United States and the European Union leading the way — and the ongoing transition in China from an export-based economy to a system anchored in its huge domestic market. “We don’t share the view that Europe and the United States are stagnating or are having a faltering recovery. These markets have undergone significant adjustments in recent years and they are clearly recovering,” he added.

The continuity of this gradual upturn allows WEG to meet its strategic planning goals which foresee it expanding in new markets and making investments in research, development and innovation in order to increase its line of products. “Our effort is being made in the sense of increasing production outside Brazil to up to 25% of WEG’s total,” Polezi said. The investments in Mexico and China should expand the productive capacity of these plants by more than four times and lead to

production equivalent to US\$ 500 million in each one by 2020. Net revenues from the foreign market (which include exports) have also been rising — jumping from 39% of

Brazilian multinationals believe in the upturn of the US economy

total sales in 2010 to 51% in 2014. “We went through periods when the Brazilian economy showed little growth and WEG knew how to find opportunities at home and abroad,” Polezi added.

■ JBS

São Paulo- based JBS is one of the largest meat processing companies in the world and is present in 20 countries. The Fundação Dom Cabral business school says it is the 10th most internationally ac-

tive Brazilian company. Like WEG, JBS believes in the recovery of the American economy, seen in the appreciation of the dollar against other currencies. “The reduction in the cost of energy and improvement in Americans’ disposable income should have a positive influence on consumption of proteins in the US,” said the company’s global CEO, Wesley Batista, in his end-of- year message in 2014. “We believe this outlook will be extremely beneficial to our business.”

At the same time, the company believes that the food market is not being strongly impacted as a result of the Brazilian economic crisis. A spokesperson said JBS Foods’ sales on the domestic market expanded by 29% in the second quarter of this year over the same period of last year. These are the reasons why the company is maintaining its long-term view and strategy of international expansion. The spokesperson

said JBS would continue to increase its presence globally. In 2015, it announced the expansion of its pork business in the United States and it also acquired Moy Park, a poultry processor from Northern Ireland, from the Brazilian company Marfrig.

The effect of the crisis on JBS has been small, the company says, as food consumption is not affected much, even against a difficult background except in extreme cases. Another favorable factor for JBS is the

makeup of its revenues. Around 84% of its net revenues are denominated in dollars and the appreciation of the American currency represents a benefit for the company. “JBS will continue to analyze opportunities available on the market, as it always does. Growth is in the company’s

from the economic situation on its midterm strategy. Like the other executives heard by PIB, Salgado sees encouraging signs of recovery in some of the markets in which the company operates, particularly the United States.

He believes that Embraer is a

budgetary revisions and changes in projects brought about by the economic situation.

The executive aviation market in the United States is very promising for Embraer at this moment, particularly as it launched a number of models in the years following the



DNA and this path will be maintained through opportunities that makes sense,” the spokesperson said.

EMBRAER

Embraer, which produces commercial, military and executive planes in São José dos Campos (São Paulo state), is Brazil’s most important high technology company and challenges the large long-established aeronautic companies on the global market. Its vice president for Institutional Relations and Sustainability, Nelson Salgado, said that the company did not foresee any impact

unique company in some aspects. For example, its operating currency is the dollar. As around 85% of its revenues and 75% of its costs are denominated in dollars, Embraer has a certain natural protection in relation to the variations of the exchange rate. Furthermore, he says the aviation industry has long cycles and a global market. As a result, the impact on Embraer’s results of transitory ups and downs in regional economies is relatively cushioned by this business profile. On the negative side, the Defense market clients, which are air forces, suffer from

2008/9 crisis which are now gaining large portions of the global market. More than 900 of its executive jets are currently flying in around 60 countries. Embraer disputes the commercial aviation market for 100/120 seater planes. Its line of E-Jets in this range has aroused interest in Eastern Europe, the Middle East and Africa, China and the Asia/Pacific region, as well as the large and well-established American market. More than 1,600 Embraer commercial planes are flying throughout the world in around 90 airlines from 60 countries. Finally, in the military

- 1** One of Embraer's executive jets: good market in the US
- 2** Moy Park bought by JBS: deal between Brazilian companies
- 3** Stefanini: time to move forward abroad

and defense market, more than 50 air forces use Embraer products. Embraer is developing the KC-390, a large cargo, transport and in-flight refueling plane for this market. This opens new prospects for exports, Salgado said.

and Asia further ahead. "Asia is the future," said CEO Marco Stefanini, who has just announced the opening of an office and research and development center in Singapore. (Read more in the Antenna section, page 15.) The recent slowdown of the Chinese economy is not affect-

leverage the expansion it is aiming for. It has around 8,700 employees abroad. He says the company's market share is much lower abroad than in Brazil, a factor pointing to greater prospects for growth abroad.

Although the crisis has not changed Stefanini's strategy, it could affect the company's tactics. A difficult background means it needs to preserve its cash and this



■ STEFANINI

Stefanini is an information technology services provider for businesses and is one of the most globalized Brazilian companies. It is based in São Paulo and has operations in 33 countries. The company was placed fifth in the international activity index of the 2015 ranking of Brazilian multinationals by the Fundação Dom Cabral business school. The crisis has not changed its global expansion strategy. Priority continues to be given to the mature markets, such as United States and Europe, with Latin America in second place

ing Stefanini's business. "It is having a greater effect on those companies that sell software and hardware. We, who sell services, are not much affected because markets that are not very mature buy few services in proportional terms."

Stefanini sees his company being even more internationally active in about a year's time. "It is time to advance more abroad. This has nothing to do with the crisis but the fact that I am speaking about a long-term strategy". The company believes it already has the base constructed outside Brazil to allow it to

demand a conservative approach in relation to costs. "We are a company that manages our costs but attention to this aspect is even greater now," he said. One consequence that is not always obvious is that a crisis can be an interesting opportunity to make acquisitions as the assets on offer will be worth less. Once temporary aspects like these are taken into account, the crisis in itself has not changed the long-term outlook much. "It is not because things are bad now that I am going international as the return will take a long time to come," Stefanini added. ■

The world is Azul

Brazilian-American businessman David Neeleman joins up the dots of a triangle to create a transatlantic airline flying between Europe, Brazil and the United States

MARCO ANTONIO DE REZENDE

A few weeks ago, businessman David Neeleman made two big moves in a period of just 72 hours. He became the controlling shareholder of the Portuguese airline TAP and the global giant United Airlines became a partner in his Azul Linhas Aéreas. These two deals put Neeleman, who obtained a share of almost 18% of the Brazilian market for Azul in only six years of operations, into a position on the two largest world aviation markets, the United States and Europe. This has created a global strategy opportunity for Azul, a company that started off as a small low-cost regional airline.

United paid US\$ 100 million for 4.999% of Azul, a stake which, in theory, could expand to up to 20% under Brazil's current legislation. The purchase of TAP also has clear aims. The investment was not made by the Brazilian airline but by DGN Corporation, a personal holding company of Neeleman, in association with Humberto Pedrosa of the Portuguese group Barraqueiro which operates in the intercity highway transport sector. The

consortium led by the two investors, which is called Atlantic Gateway, paid only 10 million euros for 61% of TAP and could buy another stake in the future. It seems like a bargain but the sale came as a great relief to the Portuguese government which is enmeshed in economic difficulties of all kinds. The purchase allowed it to finally get rid of this complicated state-owned liability which had negative assets and no prospect of recapitalization while still in state hands.

This is obviously the view of somebody who sees the bottle as

The new TAP will make Portugal the gateway to Europe once again

half empty. However, for those who see it as half full, such as Neeleman, TAP, with its route of 77 destinations in 34 countries and 2,250 flights a week, has everything going for it. "It will be difficult to have a positive result in 2015 but we will

be back in the black next year, when we implement the changes we are planning," he told dozens of journalists he met in a small luxurious hotel in Terreiro do Paço, in Lisbon. Neeleman thinks big. He told the Portuguese that Lisbon would regain its historic role as the entryway to Europe, as it was at the time of navigations and discoveries. This time, it would be as a continental air hub, thanks to the new TAP. It is no

coincidence that the consortium he formed with Pedrosa to buy the former state-owned company was called Atlantic Gateway.

The investment by Neeleman and his partners in the Portuguese company will go beyond just saving and restructuring a traditional European company that has been flying for 70 years and should also have a strong effect on the Brazilian and continental aviation market. "He has created a spectacular astral





1 Neeleman outlines his moves in the skies over Brazil, Europe and the US

2 Tail fins of Azul and TAP planes: now together on the same flight plan



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alignment,” said Gianfranco Beting, one of Azul’s founders and former marketing director, who is currently a company consultant in Miami. “TAP flies from 12 Brazilian cities to Europe and Azul connects more than 100 towns and cities throughout Brazil with 900 daily flights. It is easy to imagine how many passengers will arrive at their TAP departure points from the north to the south of Brazil, flying Azul.”

Aeronautical engineering Victor Rafael Celestino, a former executive with companies such as TRIP and Azul and ex-director of the National Civil Aviation Agency, who is currently a consultant in Brasília, agrees that the name of the game is connectivity. “TAP is the owner of almost a third of the air traffic between Brazil and Europe. This means it has twice as many passengers as TAM in this market and is continuing to expand its bases in Brazil. As Azul is already flying to the United States and now has a partnership with United, this cre-

ates a triangulation that gives the route network greater mass and optimizes the use of planes,” he said. Neeleman himself stated that 40% of TAP’s revenues have come from the Brazilian market recently.

Azul does not yet belong to any of the main global alliances, such as Star Alliance, OneWorld or Sky Team. However, it foresees entering the Star Alliance of which TAP and United are full members. Cur-

The partnership with TAP could open the doors to the strategic Star Alliance for Azul

rently, the only Brazilian member of the alliance is Avianca Brasil, from the Synergy group which owns Colombia’s Avianca International and lost the dispute for TAP to Neeleman and his partners. “There is no global player that is not a member

of one of the international alliances,” said Celestino. This also explains Neeleman’s interest in TAP. If Azul enters this club, it will have the opportunity to undertake code share flights with other big international airlines that are members — Swiss, Singapore, Air China, South African, amongst others — as well as sharing their respective mileage programs. Within a short time, anyone flying TAP or Azul will be able to gain points either from TAP’s Victoria mileage program or Azul’s known as Tudo Azul.

To make this European move, Neeleman had to give a guarantee to the Portuguese government that he would not fire TAP employees and would keep Lisbon as the company’s hub for at least 30 years. As overmanning plus its ageing fleet are the main problems of the now privatized company, what will the solution be? “By growing,” Neeleman

says. How? By purchasing 53 new planes, redesigning the routes and being ruthlessly efficient in managing the company.

TAP had ordered 12 A350 planes, the new Airbus wide body model with capacity of up to 350 passengers. It is the European planemaker's most modern jet. Airbus shares the global market for large long haul passenger planes with the American company Boeing. The A350 is now starting to be delivered to the airlines that ordered it. However, it is only profitable if it flies full on intercontinental routes. Neeleman cancelled the purchase and the newly-privatized TAP will receive 14 A330-900neo models instead. This is an altered version of Airbus's current war horse for international routes. The economic A330neo is slightly smaller than

the A350, equipped with modern turbines and a number of improvements, and can fly from Lisbon to Buenos Aires or Los Angeles with a good return. These planes will be complemented by 39 new A320s and A321s, with an equally low cost per seat. The A321, like the A320, has only one aisle but can fly from Lisbon to the Northeast of Brazil and can even reach Washington, Boston

or Chicago in the United States.

"Neeleman has already used this recipe of a quick injection of cash to make the company turn round on other occasions and it has always worked," said Victor Rafael Celestino. In this case, the injection will amount to almost 600 million euros, according to Neeleman. Of these, 345 million euros will be in the form of new money by 2016 and another



DOWN TO BUSINESS

"OI, GEEENTE!". In other words "Hi everybody!". The style is unmistakable. When David Neeleman starts talking in public he seems to be beginning a stage show. That's what it looks like. After he breaks the ice with the audience, within a few seconds he is talking business, numbers and strategy with the enthusiasm of a young startup creator. Like the overwhelming majority of Americans (OK, Brazilian Americans) who travel the world, it had never crossed his mind to get to know Portugal, even though the distance between Lisbon and New York is the shortest between the European continent and the United States. However, when he decided that buying TAP could be a good deal, he caught a plane (TAP) in

Miami and flew to Lisbon. The Portuguese company flies to two American cities (the other is New York) and Neeleman thinks it could fly to another half dozen. While waiting in the passport control line, he started asking American passengers about the reasons for their trip and what would encourage them to return. While talking to his partners in Portugal, he took domestic flights to speak to the crews and passengers personally and get a close-up view of each detail of the planes and on-board service. He walked around the TAP check-in counters in Porto and Lisbon introducing himself and asking the staff and passengers questions.

"In aviation, if you don't have a motivated team that is enthusiastic

and welcoming, you can't captivate the client," an air consultant told PIB. A motivated team is part of the Neeleman recipe. On the day he signed the contract in Lisbon, Azul employees at Viracopos airport in São Paulo state took snacks from the Brazilian airline's on-board service and offered them to their colleagues from the Portuguese company now that all of them had the same boss.

Neeleman's recipe also includes flying with new planes, with the size adapted to the routes, usually alternative destinations to the large hubs. As it flies with new 90 or 100-seater Embraer jets to places such as Passo Fundo (Rio Grande do Sul), Dourados (Mato Grosso do Sul) or Tabatinga (Amazonas), Azul



- 1** The left is against the TAP sale but the economy had the last word
- 2** Portuguese partner Humberto Pedrosa believes voters will back the deal
- 3** Viracopos airport: Azul and TAP staff jointly celebrate the new shareholder structure

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250 million euros available by 2017 in PDPs (pre-delivery payments) for the new planes.

Neeleman was born in São Paulo of American parents but went to live in the US when he was five and speaks Portuguese with a charming accent. He had to convince the Portuguese labor unions that the privatized TAP would be in a better position to protect their jobs than

the bankrupt state dinosaur. He was successful. The conversation was easier with the bankers and the lines of credit and loans were quickly approved. "They all agreed that the privatization was the best way forward," said Neeleman.

However, there is one unknown factor which is to do with politics. Portugal's opposition Socialist Party, that follows an old fashioned Soviet-

style policy in which the economy is controlled by the state, is threatening to cancel the sale of TAP if it wins the parliamentary elections scheduled for the beginning of October. It is common to see posters from the so-called Left Bloc with slogans such as "One cannot sell a country. Give everyone what belongs to everyone." Nevertheless, Neeleman's partner in the new project, the Portuguese group Barraqueiro chairman Humberto Pedrosa, oozes confidence. "Even if a new government is formed, I am sure it will approve our project," he said in Lisbon. Perhaps but voters will still have their say and, in any case, this is another subject. █

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has managed to operate in an economic way with a passenger occupation rate of more than 80%, the average considered profitable on the market. To serve the Brazilian Northeastern market and the Eastern seaboard of the United States, TAP will use new Airbus 321 planes with only one aisle. These are smaller and a lot more economic than the A330 but they can carry out transatlantic flights in the long range (LR) version. Instead of flying from Lisbon to Boston, an expensive and crowded airport, Neeleman said he was considering arriving in nearby cities such as Portland and Providence which are the centers for the Portuguese community in the US. In Cabo da Roca, a few kilometers from Lisbon, a marble plaque registers the verse by the Portuguese poet Camões that celebrates the most westerly point of Europe: "Where the land ends and the sea begins". For Neeleman and its airline companies, this is where the world begins.



“We are beating the drum”

The president of ApexBrasil wants to expand and upgrade the range of exporters and make the agency so well known it becomes the first that springs to mind when someone thinks of selling abroad

NELY CAIXETA AND ARMANDO MENDES

David Barioni Neto, 56, the former CEO of TAM is a pilot by profession and graduated in Business. He comes from São Paulo and took over ApexBrasil, the agency that promotes and facilitates Brazil's exports, at the end of February. With the mentality of an executive from the private sector, he began by squeezing administrative expenses, identifying priorities and ordering an action plan to expand the ranging of exporting companies. At the same time, he announced the opening of a new office in Shanghai and a hectic schedule of trade missions to 12 countries in the coming three months. “None of these missions will have fewer than 50 business leaders” he said. “If we don't knock on the door, nothing will happen,” Barioni said in this interview with PIB.

You come from the private sector and have no experience working for public bodies. What are your impressions of ApexBrasil?

It is an agency that could be much better known and taken advantage of. We are opening an office in São Paulo where 82% of the associations we serve are based while we spend the overwhelming amount of our time in Brasília. I want to end

the habit of “if you want something, you come to me”. We are travelling salesmen and take our suitcase, jump on the train and find clients. Since becoming president of Apex, I have spoken to friends, business leaders, executives and nobody knew the agency apart from those who were exporters. It had become a little club. Now we are beating the drum, preparing an economic insert to appear in a newspaper, and radio programs. My goal is to make Apex the kind of institution that, although you may not even use it, you know

I am proud that Brazil has this agreeable image and its admired football but we need to create more state-of-the-art companies

that on the day you want to export, you have someone to call. You have an agency that facilitates everything, trains the company, takes it to an event outside Brazil and makes available its nine offices to help expand your business internationally.

Under your management, does ApexBrasil already have a fixed action plan to expand the area of operation?

Our immediate strategy is to consolidate and fix the focus on sectors that were spread and operating without any joint objective. For example, we made a partnership in São Paulo at the end of August with a big event held at the International Trade Center (ITC). It is a body linked to the UN that brings together 4,700 women CEOs or majority shareholders in companies. Besides supporting the event, which is held every four years in a number of different countries, Apex launched a project in cooperation with a network of women who hold senior positions in 36,000 companies. As part of this project, we will train 6,000 of these companies in exporting. This is one way of providing concrete support to a sector that was not consolidated and was growing in a disorganized way.

What other segments do you have an eye on?

One of these is the group of young entrepreneurs who are opening companies in Brazil without any thought of exporting. In the smaller South America countries, anyone who sets up something, a laundry, for example, wants to export



the following day because there is no domestic market. This is not the case in Brazil. Everybody who opens a business in Brazil thinks of the domestic market. Exporting doesn't even cross their minds. We have to change this mentality at a much earlier level and this change can only happen in the university. Therefore, we are supporting graduation projects, initiatives that can change the way young people think.

Is there any group of companies that are already exporting in this joint project?

Yes, those who group themselves under the assistive technology label which goes from glasses to hearing aids and prostheses. Brazil is the world's third-largest assistive technology producer and we did not have the slightest idea. It is a market with a turnover of US\$ 14 billion where Brazil is already a world leader. However, each company operates individually, without any joint action that could increase the sector's performance greatly. Faced with this, we are creating a project for the sector and will organize events and pursue business in the United States and Europe. This is an added value that Brazil already owns. We need only to unite, organize, train, i.e. get Apex to carry out its obligations. Another fruit we are bringing to this basket is culture. Currently 14% of the projects we support are part of what is known as the creative economy. I want to expand this a lot, not just for the cultural factor itself but also for the business side. Only a sophisticated country manufactures a rocket, only a country with an advanced culture manufactures a plane, algorithm. The plans for the four sectors - women, young people, culture and assistive technology - will be on my

desk within 60 days, ready on paper and we will have around a year to implement them.

There are few numbers available on Apex's presence in exports of Brazilian companies. Do you feel a lack of more consolidated figures?

This is an interesting question. I have been in touch with similar agencies in other countries and told them I had just arrived from the private sector. I asked what metric they used, qualitative and quantitative. I have noticed that this is difficult for everyone and no-one has given me a satisfactory answer. However, we are trying to change this outlook. We have managed to show, for example,

I was on a visit to the US Secretary of State and cried when I saw 20 planes landing at the airport, all of them made by Embraer

that if we compare a company in one sector which has the support from Apex with another that does not then the first company outperforms the others by 28%. Obviously, Apex cannot take credit for all the difference but this is a way of evaluating the weight of our participation in the success of exporting companies. Of the total of US\$ 225 billion in exports in 2014, Apex was present in US\$ 62 billion, or 28%. A comparison between last year and the previous year shows that the companies supported by us increased their exports by 38% in a period when the overall result was less than 7%.

Do you see much room for Apex's activity to grow?

There is enormous room. It makes me very uneasy to learn that we only have 17,000 exporting companies out of a total of 16 million. This makes me lose sleep. We are still insular and look to the domestic market a lot. My plan is simple: do more or less the same, only to a great extent. We carried out significant cost cutting internally which will free up almost R\$ 70 million this year to make injections in a larger number of bodies.

Are there other bodies involved in this effort?

Definitely. The first visit I made when I took over was to the Micro and Small Business Support Service (Sebrae). Apex left Sebrae but is still part of the S system which includes other official industrial and trade bodies, such as Senai, Sesc and Sesi. I suggested a joint project in which Sebrae would first train the candidate export company at national level, bringing its standards in line with the prevailing laws. After this, we would enter providing the preparation to sell abroad. Furthermore, like the traveling salesman I am, I have gone to ministries and shaken hands to sort out any misunderstandings and differences we may have had in the past. I went to the Agriculture Ministry, for example, with a flag of truce and the minister Katia Abreu is now a great partner of ours and is on our board of directors. So is the minister of Industry and Commerce, Armando Monteiro, who, in turn, called the National Industry Confederation as it brings together most of Brazilian exporters. We have already worked on three projects with it in five months.

What do you want to change the make-up of Brazil's exports?

I want to reverse the positions of the products which have not changed since the days of the Empire when we exported 60% in commodities. Although Brazil is the seventh-largest world economy, it is 25th in terms of exports. If we take away the commodities and remain with added value and manufacturing products, it falls to 30th position. There is a monstrous gap between Brazil as an economic power and Brazil as an exporter of added value products.

To which point can the effort to diversify exports change the country's image?

When I arrived at Apex, I saw a survey showing that Brazil continues to be known abroad for the five "s" – sex, sand, sun, samba and soccer. I am proud that Brazil has this agreeable image, with its football admired, but we need to create more Embraers. If we have five "s" and only one Embraer, we will always be a country of commodities. We need to change this.

Where has Brazil the potential to be a state-of-the-art producer?

The biggest chances are in medical and dental products and equipment, semiconductors, renewable energy, oil and gas, IT and communications. These are areas where we are in a condition to grow, based on the installed plant. In agriculture, Embrapa has made Brazil a country of high added value. The Brazilian Agricultural Research Corporation (Embrapa) is Brazil's version of NASA in Africa and Asia when it comes to planting technology and nobody understands tropical culture well as it does. Another sector in which Brazil is becoming

increasingly better known is construction. Construction companies from Brazil have already built more than 30 hydraulic plants around the world as well as 80% of the roads in the Middle East. The more we publicize that kind of information, the easier it will be to sell because the country that is top in something is much more attractive to the buyer.

Has there been a failure in communication in not announcing these achievements?

It is not just this. Brazil suffers from a colonial syndrome. Every country that was colonized, apart from the United States, suffers from

Exporting is not a temporary option when the dollar is high. Exporting is a business plan for a company

an inferiority complex. I have taken part in the changes of aviation over the last 30 years and have seen that the sector turned round when we overcame the syndrome. Brazil is currently a supplier to the entire world of pilots, controllers and planes. We were in Washington two months ago, on a mission to the Secretary of State whose terrace looks onto the Potomac River and the White House. Frederico Curado, the CEO of Embraer, took me by the arm to the terrace and we began to cry – there we were, together with the President of Brazil watching one Embraer plane after another land-

ing at the airport on the banks of the river. All of the 20 planes that landed were made by Embraer. Brazil needs to transport this to other sectors and the first task is to get rid of this inferiority complex.

Is exporting a part of this awareness that is needed?

Yes, it is. I hear the same complaint from almost all sales representatives from other countries. They say that the Brazilian businessman makes his first sale, then the second and then disappears because the domestic market has started to grow again. We need to be aware that exporting is not a temporary option of solving a problem at periods when the dollar is high. Exporting is a business plan for a company. If one country stops buying, others will appear whereas there is only one domestic market.

How can Apex benefit a company that is already a big exporter, such as those in the agribusiness sector?

I will give the example of Brazilian meat that has just been allowed back into China, thanks to the excellent work by Minister Katia Abreu. Apex is organizing a trade mission with the 10 biggest producers to carry out face to face meetings with the Chinese buyers. This is the best way to recover a market worth US\$ 200 million. It is up to us to mobilize people, check whether the market has changed in the three years in which we were outside, whether the packaging is different. Obviously it is easier to work with companies that are already consolidated and extremely professional. However, even giants like Embraer, JBS and BR Foods need Apex in markets where having an official stamp of approval makes a difference, such as the Middle East, Africa and China itself. ■



Taking the different road

FABIO GAMBINA

Furniture exporters are trying to move up the productive chain by using design and product differentiation

ARMANDO MENDES

It is an old story, repeated whenever discussions are held on the Brazilian economy and its international role: Brazil is a country that exports its abundant resources such as wood, coffee, ore, grains and many others at low prices instead of using them to create products that can win world markets. By neglecting this opportunity, Brazil gives up the benefits it would have if it improved the position of its companies in the global productive chains.

However, a group of exporting companies in the furniture indus-

try is challenging this script. They are certainly using the great advantage they have at their hand in the enormous variety of quality wood from the Brazilian forests, native or planted. However, they aim to add to this a list of attributes that make the difference when it comes to disputing the international market of products that are well positioned at the top of the productive chain and leaving behind the role of being a mere supplier of raw material and cheap labor for the buyer countries.

One of the companies that is determined to follow this more

ambitious international route is Butzke, a family-owned company from the small town of Timbó, in Vale do Itajaí in Santa Catarina state. It was founded in 1899 to produce window frames and carts and now manufactures furniture for verandahs, swimming pools and open air areas. During a discussion on the company strategy in the middle of last decade, the family decided it needed to have products with their own identity and brand to ensure its place on the world market. "We took a very important step in 2009 when we began a work with Bra-

1 A Lot Of
Brasil at the
Milan fair:
European
showcase

2 Piece by
the Campana
brothers:
differential
in design



zilian designers,” said Michel Otte, who runs Butzke along with his father Guido. “This really put us in another product level.”

Butzke — which exports 18% of its production, mainly to the United States and Mexico — now has parts on its line by top level names such as Carlos Motta, Paulo Alves and Zanini de Zanine Caldas. They also reedited a collection of garden furniture by Sergio Rodrigues, the patriarch of Brazilian design who died last year. (See box on page 37.) But it was not always like this. Until last decade the company manufactured and exported “generic” furniture to international retail chains. “The value was in the price and the product did not have our own brand. We produced it as if it was almost a

commodity,” said Otte.

This was a common business model for a large part of the Brazilian furniture industry. However, it began to fall apart with the entry



on the market of Asian countries such as Vietnam which produced at much lower prices. The situation worsened with the appreciation of the Real from the middle of the decade 2000 which ended the industry’s competitiveness. Brazil’s share of the global furniture market fell from 1% to 0.5% . Furniture exported came to almost US\$ 1 billion in 2004, a figure that fell to US\$ 500 million in less than 10 years. (See graph on page 43.)

“That export model died,” said Marcelo Prado, industrial consultant and director of the IEMI Intelligência de Mercado institute. Even with the depreciation of the Real, it is still no longer possible to gain money just asking the retail chains abroad what they want to buy and



1 2

offering low prices. “This is no longer a sustainable recipe. It leaves the producer dependent on the volatility of the exchange rate to be competitive,” Prado added. “Brazil is not a cheap country,” said Butzke’s Otte. “We may really want this to happen but it won’t. We have to be competitive in other ways.” The alternative model is one that takes into consid-

eration some essential attributes to win a market that is not only looking at price. “This is the market where the attraction of the product, the differential and added value count,” said Prado.

A series of attributes needs to be cultivated to win this market. These include: tech-

nological advances in manufacturing ; careful design and own personality; strict product quality; the construction and promotion of the image of the country and its brands; and permanent attention to the sustainability of the industrial process and supply of wood used in the production — a factor that is very impor-

FOTOS: DIVULGAÇÃO

3

INDUSTRY AND CRAFTSMANSHIP

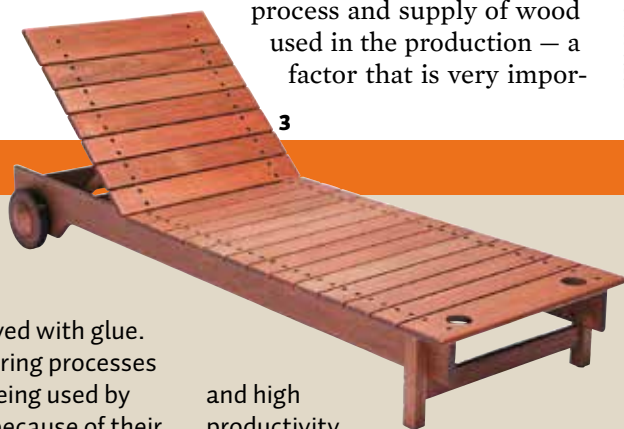
SOMETIMES IN order to go forward, it is worth looking backwards. This is a lesson that Butzke, an outdoor furniture maker from Timbó (Santa Catarina state), decided to follow when it made its production more sophisticated and looked at more demanding markets. On the way, it restored furniture-making techniques that had been put to one side by manufacturers as the activity had become a large-scale industrial undertaking.

One of the practices that were rescued — according to Michel Otte, the company director — was the use of a blade mold to make pieces of

furniture, obtained through a cold press in a mold of wood blades interleaved with glue. “These are manufacturing processes that were no longer being used by industrial producers because of their higher costs and were only maintained in woodworkers,” said Otte.

However, rescuing traditional techniques is not incompatible with using state-of-the-art technology work. Otte says that combining the two things is one of Butzke’s hallmarks. It uses modern machinery, including robots, to make parts on an industrial scale with precision

and high productivity but had not lost the craftsman’s touch — the “hand of the carpenter on the part,” as he says. For certain procedures, it cannot be done any other way. “It is interesting because I manage to maintain the warmth of the craftsmanship, this beautiful thing that Brazil can exploit so well, mixed with the high technology of the robots.”





1, 3 and 4:
Linha Tajá
line of Sergio
Rodrigues:
reedited in
colors

2 Butzke's
Guido and
Michel: betting
on designers

tant in a sector that exploits natural resources.

Pedro Franco, the CEO of A Lot of Brasil from São Paulo, believes the way to this market is through technology and industrial production. Franco is a designer and producer himself — and A Lot of Brasil aims to produce the creations of Brazilian and foreign designers such as

the Campana brothers and the Slovenian Nika Zupanc in Brazil. He created the term “industrial Brazilianness” as a way for the Brazilian furniture industry to return to the global market. The term means harnessing the country’s differentials to the most advanced technology available and not just the handicrafts tradition. “Exporting craftsmanship

will keep our share at 1% on the global market. What will make it grow is industrial production, using new materials, sustainability and technology,” he claimed.

Brazil needs to repeat what Italy did in the 1970s, he believes. That was when the furniture producers looked to other industries for the technologies to renew the tradition

4

Another example is the Tajá line of garden furniture, created in the 1970s by Sergio Rodrigues, one of the most important names among the first generation of Brazilian designers to gain international fame. The benches, chairs and tables of this collection have been redone by Butzke and they go from the industrial production line to the handicraft finishing during their manufacturing process.

“Some components will be handled by robots in the machine centers to receive cuts and holes at an angle, which are extremely difficult to do with precision. During



the sequence of the process, all the finishing and the rounding of the furniture parts has to be done manually. The grinding is also done by hand in order to ensure the quality that is needed and the whole assembly is done manually,” Otte said.

The marriage of craftsmanship

and industry allows the company to produce large lots, even of sophisticated parts. “Butzke is a company, not a carpentry that produces parts one by one or two by two. When I develop a design line I start producing with one hundred pieces but I can produce lots of 1,500 pieces in some cases,” Otte said. The idea is to have designs that will last, he says, and not create parts that will be out of fashion in one or two years. That is why he is concerned not only with the esthetics side but also with comfort and durability. “We have a manufacturing concept of timeless furniture,” he added. ■



of Italian craftsmanship. One example was the foam injection used in the car industry to produce seats for cars that started being used to produce sofas and armchairs. “We need to map the technologies we have available,” he said. He believes the suppliers of Embraer in São José dos Campos for example, have the machinery and capacity that could help introduce innovation to the furniture industry.

He gives an example a product from A Lot of Brasil - a piece he has designed himself called the Skeleton Chair

— which was the result of a partnership with the Federal University of São Carlos (UFSCar). The seat of the chair is produced by injecting “liquid wood,” a material developed from the remains of wood from a carpentry shop and an ecopolymer obtained from recycling plastic packaging. “This is innovative, sustainable and conveys a story at the same time,” said Franco. “We could do the same with the stone from the açaí fruit or the left overs of the

ipê-roxo tree used in industry.” By doing so, the work would be carried out with unique products and add technology to the history of Brazil.

Another company in this team



is Saccaro from Caxias do Sul (Rio Grande do Sul state). The power of attraction and differentiation of its products has to do with the traces of Brazil’s lifestyle and international image. The company was founded in 1946 and made woven wicker baskets. It used to supply the covering for the traditional wine bottles found in the Italian communities of the Serra Gaúcha region. Saccaro began to produce design furniture 30 years ago. “All our pieces today



are signed and we explore the Brazilian aspect,” João Saccaro, the brand sales director, told participants at a recent seminar on exports promoted by the Federation of Industries of São Paulo State by the Brazilian Association of the Furniture Industry (Associação Brasileira das Indústrias do Mobiliário - Abimóvel). “We are always aiming to export design, brand and concept. It was never our aim to export labor or raw material,” he said.

Saccaro works with Brazilian designers and materials, such as woven wicker which the company used when it originated. “We try to associate our products with an image of light and happiness that the country has in the world,” he stressed. One example is the Cobogó chair by the designer Roque Frizzo that copies in its sides the drawing of architectural elements that gives its name. This refers to the small blocs of hollow concrete, created in Pernambuco state and often used in modern



GUILHERME JORDANI

ROQUE FRIZO

2 3



1 and 4
Noronha
line: for
outdoor use

2 Saccaro
stand in
Milan...

3on the
path of
Brazilianness,
said João

Brazilian architecture as an alternative to a blind wall, creating “laced” effects of light and shade.

Saccaro started an effort to go international just over a decade ago and now takes its products to more than 15 countries. The brand has 26 sales points abroad, including exclusive franchising and art galleries — its own areas in department and multi-brand stores. The United States and Mexico are the most important markets but the company is also present in other countries in the Americas, Africa and the Middle East. To win these markets, João Saccaro said it was essential to show the brand and its products at international trade fairs and events in order to win the confidence of the buyers and the respect for the national product. This was lacking when the Brazilian furniture started to go international with its own face and identity.

“The clients abroad did not see us as a supplier of added value furniture,” said Saccaro. “Credibility was very low.” This image has been improving since then, partly due

to the information and exploration work on the foreign market that has been done in partnership with the Brazilian Trade and Investment Promotion Agency (ApexBrasil) and by Abimóvel, through sector projects to promote exports of furniture and its

Saccaro created 26 sales points in 15 countries in around 10 years

components. (Read more on page 43.) One of these projects called Brazilian Furniture supported the participation in April of last year of the Brazilian industry in the Salone del Mobile di Milano event in Italy, the most important international trade fair for the furniture industry.

Four of the exporting companies — Butzke, Saccaro, A Lot Of Brasil and Artefama, from São Bento do Sul (Santa Catarina state) — made up the Brazilian representation at the Salone, as the Milan fair is kno-

wn. Butzke’s Michel Otte has no doubt that this participation is the result of the decision taken by these companies and others to distance themselves from the commodity type of market where competition is based on price to move up the

productive chain and enter the area where competition is by quality. It is very difficult to arrive at the Milan’s Salone which is a world benchmark, according to Otte. To win room, a company has to go

through a strict selection and curatorship process. “We entered because we already had our history together with designers. We believe this is the way Brazil should go. We have many differentials to be exploited and design is one of them”, he said.

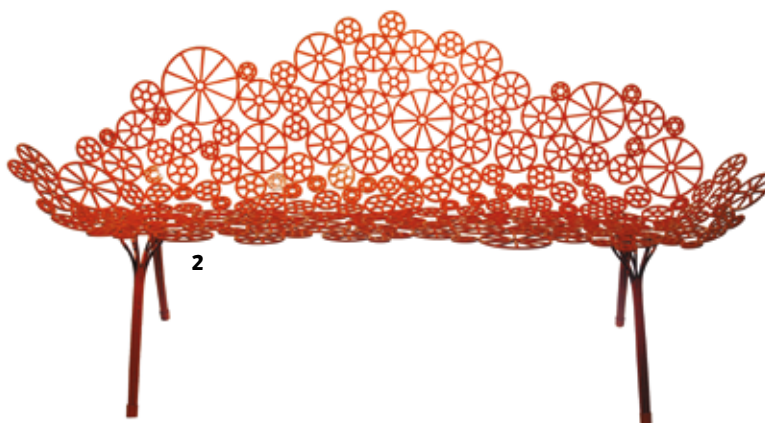
This is something similar to what is happening with the work of Apex-Brasil to promote Brazilian furniture on the global market. “Our effort is to differentiate the Brazilian product and increase the added value in such a way as to make our com-

panies increasingly more developed in their global productive chains,” said André Limp, supervisor of the ApexBrasil’s Home and Construction, Creative Economy and Technology areas. Limp draws attention to what this development involves. It does not mean that the producing

exporting products with differentiation, quality and innovation at a cost that does not need to be very high,” he said. “These are companies that can take a product with a mass use and put fashion and innovation into it, as Alpargatas has done with the open-toed sandal. The furniture

it produced products for children’s bedrooms and then, after acquiring a competitor, it made multi-use wardrobes and bunk beds.

Around six years ago, in a bid to diversify markets and take better advantage of its machinery and productive structure, the company be-



companies should necessarily move to the high-end markets of exclusive and expensive furniture for high-income clients. “We have companies supported by sector projects that are directed at producing components and furniture sold in large retail chains in scale,” he said. “One market is not better than the other and it is a strategic decision by the company on which one it chooses.”

Marcelo Prado, a consultant with IEMI Inteligência de Mercado, makes a comparison with the fashion and footwear market to explain how it is possible to differentiate products and also win higher added value markets with mass products. “In Brazil we have players with medium and high standard production and this is an important and interesting market that can work in

Mass products demand style and innovation to appeal to the market

people can also do this.”

Multimoveis, from Bento Gonçalves (Rio Grande do Sul state), is a company that is undergoing a transition. It was founded in 1995 and almost half of its revenues came from exports by 2004. (After the storm arising from the appreciated Real, this figure is now around 30% although the prospect points to it increasing once again.) It currently exports to 40 countries and grew by exploring the market for furniture sold in kits in retail chains. At first,

gan to extend its range and launched a brand of planned furniture called Eko Ambiente, with exclusive stores directed at the A and B+ consumer classes.

Three years ago, it bet on the so-called new C class and began to offer a line of bedrooms and kitchens module of modern design, more accessible prices and good for smaller areas, called Multipla. “We wanted to give these clients the opportunity to personalize their furniture,” said Maristela Cusin Longhi, a director of the company. “These are modules that can be built according to the need”.

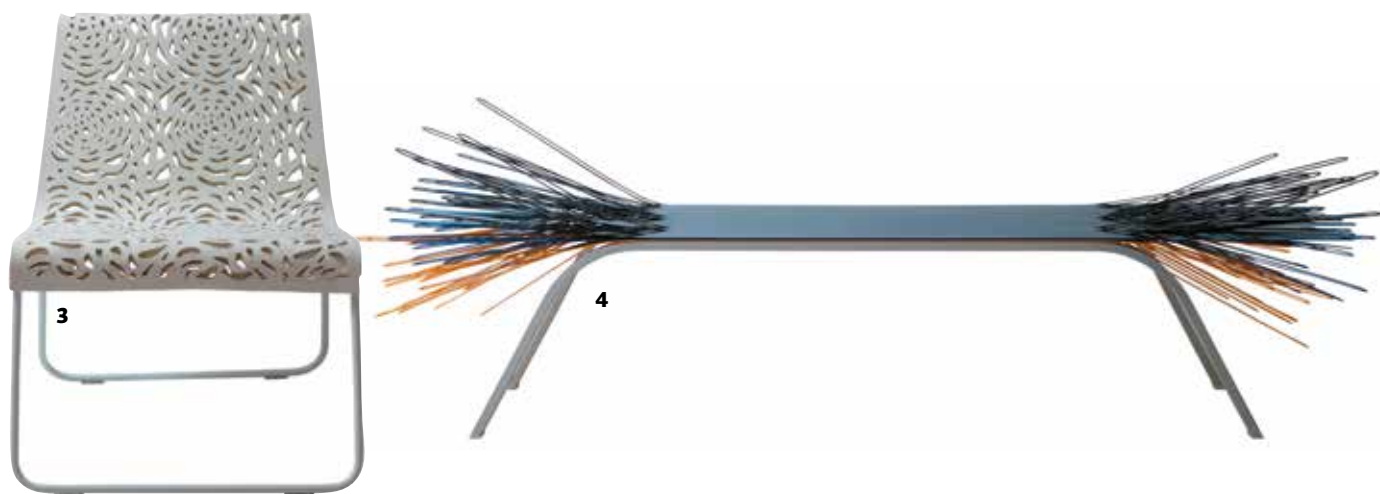
Only some parts of the Multipla line is exported, she said. However, there are ambitious international

- | | | | |
|--|--|---|--|
| 1 Skeleton
Chair by Pedro
Franco... | 2 ...Estrela
sofa by the
Campana
brothers... | 3 ...Renda
chair by Jum
Nakao... | 4 ...and Bird
Bench by
Henrique
Serbena: |
|--|--|---|--|

plans for the Eko brand which currently accounts for 14% of the company's production. Multimóveis started an initiative to export its planned furniture to two important markets this year: the United States and Colombia. This is a new learning experience for the company's export

well as the planned furniture," said André, of ApexBrasil. "It has taken a strategic decision to increase its competitiveness on both fronts." In doing so, the company puts into practice one of the guidelines of ApexBrasil which believes that what matters is to help develop the com-

going international". To be able to export, the company that is supported goes through a cycle in which it develops its competitiveness more so than that it would if it had been



group which consists of three people dedicated to the foreign market. She said at least two of them were always travelling.

She believes that working with planned furniture is very different from selling ready-made furniture to retail chains. "What we offer is a service that is ended by the execution of a project, particularly for the corporate market which we are looking at," she said. This market demands a long-term work directed at architectural firms in the target countries which will, in turn, recommend the Multimóveis services to their clients.

The company works this way to compete better in different market ranges. "It has been involved for a long time in the Project [Brazilian Furniture] and received support both for the high consumption as

After selling to the US, it becomes easier to export to other countries

petitiveness of each company no matter the area in which it operates.

Limp also points to another positive effect of the entry of a company into the international arena. In preparing itself to dispute markets in more developed countries, with a higher degree of demand and a stricter regulation than it had domestically, the exporting company also improves its domestic performance and in other foreign markets. In the managerial jargon, this is called "organizational learning through

acting on the domestic market, Limp said. It is difficult to quantify this effect, he said, but it can be seen after two or three years of preparation when a company begins exporting to the

United States — a highly regulated and difficult market. "When it begins to increase its sales to the US, even although they are small, the company is also much better prepared to enter Colombia or Saudi Arabia," he added.

An unusual example cited by Maristela Longhi, from Multimóveis shows how companies can even end up competing better in Brazil. She says the American market's very demanding requirement in relation to the packaging of the parts that



are exported led the company to improve its packaging in Brazil as well. "Attention is made to ensure that the product did not move about in the package, angle brackets made of polystyrene and high shrinkage microfilm to seal the packaging.

There were many things we started to adopt here as well. You bring all the requirements demanded by the global market to the domestic market. It is not child's play. We have to handle everything very seriously," she said.

Transformations like these are still just getting underway for most of the Brazilian furniture companies. "We are returning to the export market," said consultant Marcelo Prado. The Brazilian producer began to react two years ago and is

PLATFORM TO COMPETE

TWO OF the 76 sector projects ApexBrasil is supervising in a number of areas are directed at the furniture industry: Brazilian Furniture, which is being undertaken in partnership with the Brazilian Furniture Industry Association (Abimóvel), and Orchestra Brasil, where the counterparty is the Furniture Industry Association of Bento Gonçalves (Sindmoveis). While Brazilian Furniture promotes the presence of finished furniture makers on the global market, the Orchestra Brasil project is aimed at exporting accessories and components to the furniture industry.

"Brazilian Furniture is more than just a schedule of trade fairs and trade missions abroad," said André Limp, the supervisor of ApexBrasil's Home and Construction area. "The project aims to provide a platform for the group of participant companies to increase their international competitiveness." Missions and fairs are important tools but some of the resources and efforts organized for the project go to commercial intelligence and strategic planning activities, he added.

Seventy companies are currently taking part in the sector project. Many of them are based in Brazil's

main furniture manufacturing centers: Bento Gonçalves (Rio Grande do Sul), Arapongas (Paraná), Chapecó (Santa Catarina), São Bento do Sul (Santa Catarina), Mirassol (São Paulo) and Ubá (Minas Gerais). The Brazilian Furniture project was launched in 2005 and mobilizes resources of just over R\$ 12 million over a period of 24 months, of which around 70% are injected by ApexBrasil and 30% by private industry. (The project is structured as a technical-financial cooperation agreement between ApexBrasil and Abimóvel and can be renewed every two years.)

1 Marcelo Zortéa of Multimóveis: client in Dubai

2 Marcelo Prado of IMEI: transition of markets

3 and 4 Arraia and Cobogó of Saccaro: foot in craftsmanship and in architecture

5 Orchestra Brasil stand: accessories and components



GUILHERME JORDANI



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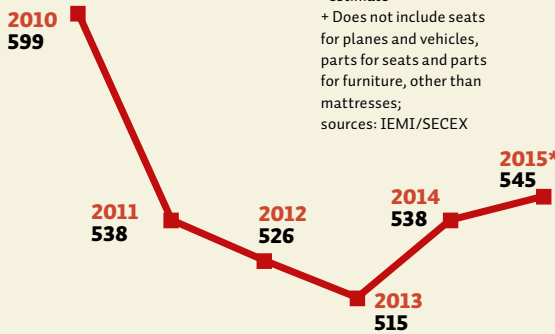
duction methods had to be changed. “You have to develop techniques which you were not used to, introduce new material... it is an investment that is not necessarily large in terms of

winning back some of the area it had lost over the previous decade. (See graph on this page.) To consolidate this recovery, advances will need to be made in transforming the business model crystalized in the first wave of international expansion by Brazil’s furniture makers.

Butzke’s Otte believes in the change but also sees the difficulties. He said that developing a new standard of design meant that pro-

BOUNCING BACK

Brazilian furniture exports (US\$ million)



financial resources but in terms of time, dedication to a new product and a new way of working,” he said. The effort will be worth it in the long run. “The exporter will have a structure that is a bit more expensive but this new model will allow the company to have a sustainable competitive advantage in the long term and be much less vulnerable to the swings in the exchange rate,” Prado concluded. ■

The Orchestra Brasil program has been around for slightly longer than Brazilian Furniture. It got underway in 2003 and currently brings together 128 producers of accessories and components for furniture manufacturing. It was created in the same cooperative way between the agency and the private sector with an injection of R\$ 10 million split in the same ratio of 70/30. However, the markets targeted are different. The United States, Mexico, Peru and Colombia are common targets in both projects but the Orchestra Brasil has some additional specific markets, such as South Africa, Guatemala, Argentina and Turkey. ■



BMS pavilion
at the Bogotá
fair: Brazilian
presence

With an eye on the world

The Brazil Machinery Solutions program is increasingly present at international trade fairs, opening new ports and doors to the country's machinery and equipment industry

DARIO PALHARES*

Brazil's machinery and equipment industry has been fighting for its survival over the last 25 years. An all-out struggle began in 1990, with the disorderly opening of the market during the government of former president Fernando Collor de Melo and intensified with the constant depreciations of the currency against the dollar, high interest rates and the scrapping of structured industrial policies. The sector companies were obviously in a disadvantaged position and decided to unite their elite squad at the end of last decade to try and fight off the continuous reverses they had suffered from foreign competition at home and abroad. "We decide to create an own brand for our exporting complex. The idea was to add more value and enhance the image of our products," said Klaus Curt Müller, the foreign trade director of the Brazilian Association of Machinery and Equipment (local acronym Abimaq) which has around 5,500 members distributed

in 27 sector chambers.

Abimaq relied on the backing of a steadfast partner in this venture, the Brazilian Trade and Investment Promotion Agency, ApexBrasil. The two bodies have been cooperating since 2000 in coordinating exporting consortia and promoting one-off initiatives. The Association's intention of enhancing the value of machinery and equipment made in Brazil fitted in perfectly with the plans of the Agency which had been developing a package of sector projects, most of which were for the

The BMS was launched in 2010 and is directed at 15 markets on four continents

industry. "It was exactly what we needed. In 2009, with Apex's support, we began to discuss the Brazil Machinery Solutions program guidelines," Müller said.



The debate, which involved representatives of all the Association's segments, started with a diagnosis of the pros and cons of the Brazilian suppliers seen from a foreign point of view. The main weak point for would-be sellers of machinery was Brazil's low recognition as a producer of technology despite the

international prestige of a domestic company like Embraer. On the other hand, there were points in Brazil's favor. These included the robustness of its machinery and cheaper



costs, at that time, along with the diversity of products it could offer from 71 sub-sectors. Above all, the producers were willing to create tailor-made solutions for foreign clients. “Our harvesters, for example, do not have GPS, air conditioning and other sophisticated components but can easily put up with insufficient use and maintenance, torrential rain and difficult soils,” Müller added.

Features like these helped define the profile of the buyers and markets to be tackled. The target client occupies an intermediate range between those who opt for

UNITY MAKES THE DIFFERENCE

Comparison of the exports of participants in the BMS program and the other machinery and equipment manufacturers – in US\$ million – and growth in %

	BMS participants	Others
2010	505.50	1,726.79
2014	1,193.57	2,625.23
	+136	+52

Source: Apex Brasil.

lower prices, an area dominated by Chinese and Indian producers, and those looking for machinery with state-of-the-art technologies and highly rated brands, an area dominated by Italian, Swiss and German producers. At the end of the day, the profile is of a buyer who appreciates a good and cheap product but also wants its specific needs catered for.

“The difference between Brazil and the other machinery and equipment



producers in emerging countries is that they are not as strong in providing tailor-made solutions as we are. China has much greater scale but does not even bother to offer tailor-made solutions,” said Eduardo Muniz, a partner consultant of Top Brands, a São Paulo company that aimed to exploit this advan-

tage when it was hired to create the brand for the Abimaq group of companies. “The term ‘Solutions’, which is embedded in the logo, highlights the Brazilian producers’ ability to interact with their clients.”

The Brazil Machinery Solutions program (BMS) was launched in 2010 and aimed at 15 markets on

four continents: South Africa, Angola, Ghana, Mozambique, Kenya, Argentina, Colombia, Chile, Peru, Venezuela, Mexico, the United States, India and Russia, as well as Central America. The list of options offered to the Abimaq members includes, amongst other items, stands in their own pavilions at interna-

IN SEARCH OF BALANCE

THE TRADE balance of the machinery and equipment segment has not been in the black for a long time. The lowest deficit registered since the sector’s trade association, Abimaq, began keeping a record of exports and imports of machinery and equipment came to US\$ 1.8 billion in 2004. By 2007, based on the quantum criteria (i.e. tons), Brazil had accumulated a positive balance but the trend reversed, due to the appreciation of the Real against the dollar and the extremely low cost of items from China that began to invade the domestic and global markets, causing damage. “Lots of Chinese products arrive

here at completely unreal prices, equivalent to US\$ 1.50 per kilo which corresponds to only three times the price of the steel,” said Klaus Curt Müller, the Abimaq foreign trade director. “We are still working today to prevent the imports of this equipment but this effort is hampered by the fact that China buys large amounts of Brazilian commodities.”

The situation should improve in the medium term providing the dollar remains at the high levels it reached at the end of last year. The decisive contribution to this more favorable outlook comes from abroad, particularly from Brazil’s main rival in the segment.

All this is due to the higher added value of Chinese products, also brought about by the incorporation of foreign technologies. “Chinese equipment is becoming increasingly more expensive which favors Brazilian machinery. If the current conditions are maintained, the sector’s trade balance should even out in terms of volume in 2016,” Müller added.

He believes the figure that is of greatest concern – even more than the foreign competition – is the government’s neglect of manufacturing industry seen in the lack of industrial policies worthy of the name for years. It is not by chance that manufactur-



3

- 1** Innovation: appliance to disinfect eggs by Fornari
- 2** Müller: program is looking at 10 large companies
- 3** Brandão: “The BMS should bring together 400 companies by 2020”

in the same period. “The success of the program can be measured by the continuous growth in revenues in foreign currency. Last year, for example, sales by the BMS group grew by 1.6% whereas those companies

plied by candidates with less international experience. The beginners are directed to trading companies and it is only after their “baptism” that they can take part in business rounds in Brazil and missions abroad. The more experienced companies gain space in the international trade fairs in which the BMS participates. “The instruction is continuous as exporting is a decision of a strategic nature and not a tactical one,” Müller added.

The project participants have a heavy agenda and appeared at 18 events between January 2013 to July of this year. The marathon is still continuing. This is seen in the fact that the group will be present by De-

Instruction is continuous as exporting is a strategic decision

tional trade fairs, trade missions abroad, business rounds with foreign buyers brought to Brazil, and data and statistical services. The number of participants jumped from 191 in 2010 to 236 last year. The exports by this elite squad expanded at a similar fast rate of 136.1% – from US\$ 505.50 million to US\$ 1.19 billion – boosting the sector’s share of foreign sales from 22.6% to 31.3%

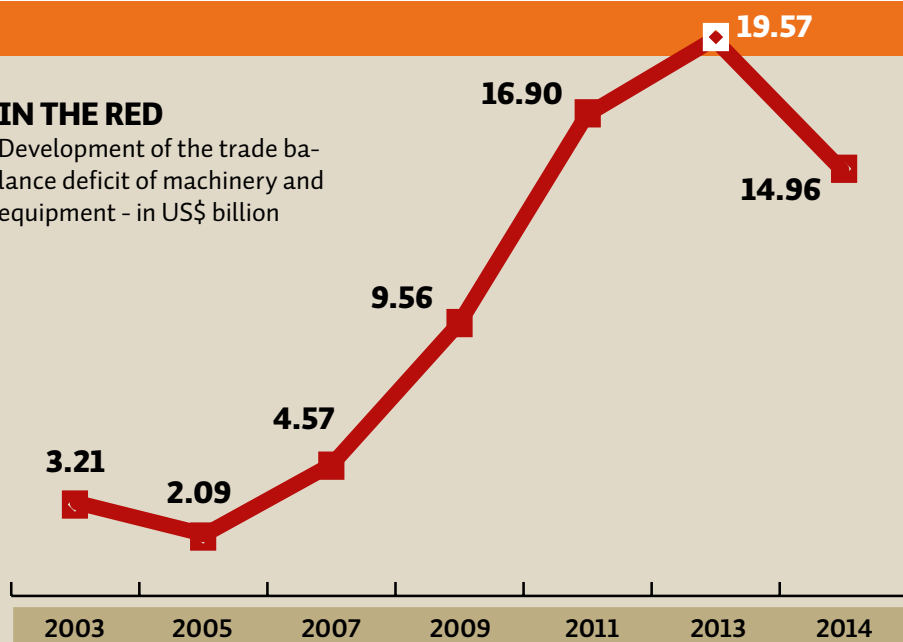
that did not take part were hit by a slump of around 12.1%,” said Müller.

Therefore, it is not surprising that there is great demand for the BMS. Fifty-five companies joined the initiative in the first six months of this year alone. However, interested companies have to understand that the program involves a strict evaluation process and lays down initial stages that have to be com-

ing industry’s share of the gross domestic product (GDP) has been reduced over the last 30 years, slumping from 27.2% in 1985 to 10.9%, in 2014. “You can’t play around and be competitive just with the exchange rate. We have to assume that our costs – including energy, labor, logistics and, above all, capital – are higher than the international average costs and look for sustainable solutions.” ■

IN THE RED

Development of the trade balance deficit of machinery and equipment - in US\$ billion



Fonte: Abimaq.

ember at the Brazilian Machinery Solutions pavilions at the Extemin fair in Peru for the mining industry, the Itma fair in Milan where the global textile sector meets, and Germany's Agritechnica, the biggest agribusiness exhibition in the world. "Italy and Germany are not priority markets for the BMS but their fairs act as showcases for the program," said Igor Brandão, ApexBrasil's Sector Projects Coordinator.

The presence at the large international exhibitions of the productive chains is certainly the main appeal of the joint effort by Apex-Brasil and Abimaq. The government agency had previously subsidized the participation of the companies but they were then left on their own at the events. The subsidy remained when the BMS was created but the organization and presentation improved significantly. "The structure and support provided by ApexBrasil are top class. It takes



care of everything: the preparation of the stands, hiring services, publicity etc.," said Ricardo Prado Santos, vice-president of Piovan, a producer of equipment to transform plastics and industrial refrigeration. "The exhibitors end up winning. As well as saving 60% of what they would

spend on flights alone, they can dedicate themselves entirely to the clients and sales."

The stands at the BMS pavilions are available at accessible costs and bring together micro and small companies which account for no less than 38% of the program partici-

LEARNING AT HOME

THE BRAZIL Machinery Solutions (BMS) program is working very well for Brazilian companies. This joint initiative by Apex-Brasil and Abimaq has not only led companies to take part in exhibitions in the Americas, Europe and Africa but has also been increasingly making its presence felt at domestic shows of the machinery and equipment sector. These include the International Agricultural Technology in Action Fair. This event, known as the Agrishow, is the main showcase for Brazil's agribusiness and the latest fair was held between April 27 and May 1 in Ribeirão Preto (São Paulo state). It showed a fall of 30% in business volume to R\$ 1.9 billion. On the other hand, the

BMS 16th International Business Round, held at the same event, easily surpassed the most optimistic expectations of its organizers and participants. "The turnover came to US\$ 17.2 million including closed deals and those still being negotiated. This represented a growth of 43% over the amount registered at last year's Agrishow," said Klaus Curt Müller, Abimaq's foreign trade director.

The domestic manufacturers of machinery and farm equipment which took part at the event had to work hard to ensure this good result. During the two days of the event, they held around 300 meetings with buyers from Algeria, Belgium, Thailand, Canada, Egypt, the Philippines

and the United States who had been brought to Brazil by the BMS. Indústrias Reunidas Colombo, of Pindorama (SP) which produces equipment for harvesting corn, peanuts, beans and coffee, began discussions with African companies. This allowed it to expand its foreign network which already involves around 60 representatives in the Americas, Europe, Africa, Asia and Oceania.

"We have been looking for a partner in Canada for some time and finally identified a qualified importer in this market during the last Agrishow. We are already working with it," said manager Bruno Carneiro. "Besides doing deals, the rounds of negotiation brought interesting contacts and



1 Business round: option for beginners

2 Agrishow: BMS sales at the fair grew by 43%

an innovation on a world scale as it does not use formaldehyde but a solution of calcium in the asepsis process. “The formaldehyde, used by poultry breeders in the United States, kills the salmonella but also kills a number of chicks,” said the founder, Luciane Piovezan Fornari. “Our technology reduces these collateral losses by 1%, thereby ensuring greater meat production.”

She was aware of the potential machines had on the international front and decided to visit the Poultry event in Atlanta, Georgia, the biggest international trade fair of its kind, in 2011. On returning home, she made an all-out effort to persuade Apex-Brasil and Abimaq, with the backing of another five manufacturers of equipment for hatcheries, to fly the BMS flag at the Poultry event.

pants. This is the case with Indústria Fornari from Concórdia (Santa Catarina state). The company arose as a result of the bird flu epidemic that hit upstate Santa Catarina in 2006. Its first product, a portal to disinfect trucks which delivered animal feed, turned out to be a right

move. It was equally successful at the turn of the decade with a device to disinfect eggs that eliminates the risks of contamination by salmonella bacteria. The launch brought

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relationships with potential buyers from a number of countries. These are seeds that should bring good results over time.”

Abimaq was impressed by the results from the Agrishow and other domestic fairs such as Feiplastic e Mecânica and is preparing an exclusive timetable for the São Paulo Expo Exhibition & Convention Center. The center, which is located on the banks of the Imigrantes highway in the southern part of the city, will replace Anhembi as the biggest exhibition center in Brazil when its expansion works are concluded. It will have 90,000 square meters available for stands. Among the fairs to be held there

will be the International Machinery and Equipment Fair (Feimec) next year, the International Plastic and Rubber Fair (Plástico Brasil) and the International Machine Tools and Industrial Automation Fair (Expo-

mafe) in 2017. “The trade fairs will grow and expand in São Paulo, and Brazil Machinery Solutions, which will be present at these and other events, will gain even more weight,” said Müller. ■

The debut occurred in 2014 and the company returned in January of this year. “The Brazil Machinery Solutions program will be vital for us to meet our strategic planning. We have set a target for exports, which currently account for less than 5% of our annual revenues of around R\$ 6 million, to jump to 60% of a total of R\$ 30 million in 2020,” she said.

Thermoval is also active in the BMS and has been opening doors and ports. The company produces industrial valves and tire calibration equipment in Cravinhos (São Paulo state) and sent its first orders abroad in 2007 to Argentina. It had to pull back at the end of the decade as a result of the strong appreciation of the Real against the dollar but it did not give up. It entered a sector project to support exports and started appearing at international fairs. “We gave special attention to the IMTS, in Chicago, and the Tecma, in Mexico,” said director Rodolfo Garcia. “The American market is strategic for us, as the Chinese, who had a strong presence there, were beginning to



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lose sales due to the low quality. This means there is room to be occupied.”

The company currently has two representatives in Mexico and has just appointed a distributor on the other side of the Atlantic, in Angola. Its exports leaped from less than 1%

of total revenues to around 10% last year and it expects foreign sales of US\$ 2 million in 2016, equivalent to 16% of revenues. “The international market should account for half our sales by the end of the decade,” said Garcia who paid tribute to the BMS. “It would have been very difficult for

“SAMBA AND MULATTA DANCERS? DON’T EVEN THINK ABOUT IT!”

NO BRAZILIAN flags or green and yellow football colors. The Brazil Machinery Solutions (BMS) team enters the field in trade fairs and business meetings, at home and abroad, wearing “uniforms” in blue and grey. The sober logo created by the São Paulo company Top Brands for the machinery and equipment industry brings only one other allusion to the national flag besides the blue – a disconnected lozenge, symbolizing two people interacting. “The green and yellow conveys football, beaches, the Carnival, samba and other ste-

reotypes related to Brazil that add no value to the products in our sector,” said Klaus Curt Müller, Abimaq’s foreign trade director. “We chose blue and grey as a subtle reference to the



technological advances and machinery and steel, respectively.”

The project to develop the brand, undertaken in 2010, demanded five months of intense work, including five competitive workshops with the

participation of representatives of all Abimaq’s sector chambers (25 at that time) and Top Brands specialists. Executives and business leaders even had to roll their sleeves up at some of these meetings and cut up magazines with scissors to make posters with suggestions for emblems for the BMS. “It was a fun and collective process. During these meetings, we acted like conductors, collecting views that guided us in carrying out the work,” said Eduardo Muniz, Top Brands consultant partner. His company provided the same service to Wines of Brazil, a partnership of



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1 Audaces software: the company has a strong presence abroad
2 Pereira: "We swap ideas all the time at the BMS"

made its debut in international exhibitions in 1996 in Argentina when it had only been operating for four years. Since then, it has taken part in at least two events a year, such as the Colombiatex fair in Medellín, the Expotextil, in Peru, and the Itma, in Europe, which is held every four years. "The Brazil Machinery Solutions program came to the rescue as we can maintain our presence at large events at much lower costs,"

Fifty-five companies joined the initiative in the first six months

us to go abroad without the backing of ApexBrasil and Abimaq."

Like Thermoval, Audaces is pinning its hopes on fairs to win international business. The Santa Catarina-based company produces appliances and programs for the textile industry and should have revenues of US\$ 20 million this year. It

said Paulo Pereira, the international sales director.

He said that the savings made by sharing out the expenses among the exhibitors would have been enough on their own. Furthermore, he also underscored the interaction and camaraderie between the program participants. "We swap

ideas all the time. Tips on markets and warnings over bad payers crop up all the time. Thanks to this constant interchange, we have hired a distributor in El Salvador that was recommended by Delta Equipamentos, from Pomerode. Sometimes we have even got a ride on the back of other companies' deals."

The prospect for deals made in partnership among the participants in the program should shortly expand and gain scale. Abimaq is currently negotiating membership terms of the BMS with 10 large manufacturers of machinery and equipment, some of which are subsidiaries of foreign groups. Some could even act as "anchors" in pavilions at international fairs but the likeliest outcome is that they will all be players in tailor-made initiatives. "The dispute for regional markets between subsidiaries of multinationals involves very large numbers. We want to help the Brazilian operations of these groups in these squabbles with their 'sisters,'" Müller said.

The BMS program is continuing to expand even though it does not yet have the firepower of these likely, respectable reinforcements. A growth target of around 2% has been set for exports this year, reversing the decline of 1.8% registered in the first half. A record number of 22 moves towards foreign buyers is foreseen in 2016 and exports are planned to grow by 4% to US\$ 1.22 billion. "We also intend expanding the number of participants. By the end of the decade, we expect 400 companies to be in our team," forecast ApexBrasil's Igor Brandão

** Nely Caixeta contributed to this article*

the Brazilian Wine Institute (Ibravin) and Apex-Brasil, and the Brazilian Association of Machinery and Equipment Industries for Leather, Footwear and Allied Trades (Abrameq).

Participants in the program strictly adhere to the visual symbol five years after it was created. It strikes the eyes in catalogues, cards, leaflets, stickers and, above all, in the Brazil Machinery Solutions stands at domestic and international trade fairs that have emerged since the beginning of the decade. "The BMS pavilion stands out at a dis-

tance at any fair and is highlighted by the lighting, presentation and organization. Forget banners and counters arranged any old way, as was the case in the past," said Müller who certainly has no longings for the amateur approach before the creation of the sector's brand. "Around 2005, an associate of Abimaq put some mulattas dancing the samba in front of its stand at a fair abroad. It certainly attracted attention but the beautiful dancers and the drum beats made no difference when it came to sales." ■

Small but outstanding

You don't need to be big to go international

Flying on top of the world

Company from southern Brazil exports paragliders to all the countries where this free-flying sport is practiced

ANTONIO CARLOS SANTOMAURO



Flying like a bird is an ancient dream, revealed in the classic myth of Icarus, the young Greek who fell from the sky when his wax wings were burned up by the sun. The efficiency of modern planes makes air travel a routine and a global business but the adventure of flying remains alive for thousands of aeronauts who challenge gravity in light hang gliders and paragliders—that looks like a maneuverable parachute with a little chair underneath for the pilot to sit on).

Ary Carlos Pradi from Santa Catarina state is one of these fliers. He decided about a quarter of a century ago to turn his hobby into a business. He created Sol Paragliders in Jaraguá do Sul, his home town, in 1991. The company now exports paragliders and accessories to more

than 70 countries. The foreign market accounts for around 22% of Sol's revenues which should amount to R\$ 12.8 million this year, a figure that compares with to R\$ 10 million in 2014. "There are products with our brand in every one of the 132 countries where there is some kind of paragliding activity," Pradi said with pride. He is still the owner and director of the company.

The idea of making equipment arose when Ary was living in Europe. In 1990, he was studying economics in a German city close to the Alps on the border with Switzerland. This was a mountainous region that appealed to European hang-gliding fans. The sport is practiced using equipment without an engine that needs air currents to remain aloft. When he was flying, Pradi noted that paragliding, invented a few



years earlier, was winning over increasingly more sports practitioners at the expense of hang gliding, the more traditional format he himself used. The reason was that in contrast to hang gliders that are assembled with metal tubes, the paragliders have no rigid structure which makes them more portable. They are large flexible shells made of synthetic fabric, woven together by nylon wires that can easily folded and transported in a backpack. Pradi then decided that he would start to make them when he re-



turned to Brazil, taking advantage of the good supply of textile labor that was available in Jaraguá do Sul. The town has traditionally attracted European immigrants and their descendants, especially Germans and Italians, and this has helped create a culture of international foreign trade in the region.

The first paragliders were assembled in Pradi's parents house with the help of his brother Ademir — who now runs the company's retail and marketing areas — and Kerstin, his then girlfriend (cur-

rently his wife and partner). A lot has changed since then. Around 140 now people work for Sol which is currently one of the five largest paragliders producers in the world. Pradi had been thinking of exporting right from the beginning. One of the reasons was because the Brazilian textile industry was extremely competitive at world level at that time, he said. However, things were happening in almost casual manner. The first clients, Brazilian or foreign, were his friends who practiced the sport. The first exports were made

in 1992 and went to an Argentinian who got to know Sol when he was flying in Jaraguá do Sul and was interested in representing the company in Argentina. (The town is very popular with fans of the sport.)

Pradi made his first international partnership with the Austrian company Condor, which had a consolidated presence on the world market. Sol became an outsourced producer of paragliders for the company. In exchange, it won the right to use Condor technology and the Condor brand in its sales on its own

Small but outstanding

You don't need to be big to go international

market which was the American continent. "This was important because there had been no other company in the Americas until then. I began to operate in the region with a project that had European standards, a technology that was already developed and a recognized brand," he said. Pradi said the Austrian company was attracted by the lower manufacturing costs in Brazil. At the same time, the Americas market was of secondary importance as it represented only around 5% of the global cake, a share Condor did not see any problem in granting to the Brazilian company. (The biggest market is Europe. Countries like Austria, Germany, France, Italy and Switzerland have many dedicated fans of free flying).

Pradi made a deal with another Austrian company, Nova, in 1996. Nova also allowed Sol to use its technology and brand. Nova was the biggest producer of paragliders in the world at that time. However, Pradi was starting to think that this kind of partnership was no longer so interesting since, at the end of the day, it restricted his operations to a marginal region in the global market. In 1999, he decided to change the model. He hired a Swiss designer — who still works for the company — to develop his own product, ended the partnerships and has worked with his own brand in total control of the manufacturing process since then. "Our company is currently the only one in the world to do this as the main European producers outsource their production to China," he said.

Sol exports to 72 countries nowadays. In some of these — Dubai, for example — the distributors remit their products to third destinations. At the same time, Pradi sells directly to some stores and flying schools

abroad. This is a direct channel he intends strengthening to get rid of the middle men and increase the international profitability. Direct business is easily managed today because the individual values of his exports are relatively small, varying from US\$ 1,000, for smaller items, up to US\$ 20,000, for some paragliders and accessories. The logistics are carried out through a direct delivery company, such as FedEx, DHL or the Brazilian Post Office (that often also handles the customs

fans of the sport and videos that show pilots flying with their paragliders around the world. The videos are available on the web and shown at events and festivals. They include scenes made in countries as remote as Nepal and Pakistan. One of them, the result of a partnership with Volkswagen, shows a crossing of the African continent made in a Volkswagen car and Sol paragliders. Another promotional front abroad is to be present at trade fairs such as Copa Ícaro, the world's main



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formalities). "Countries for which we carry out direct sales such as Switzerland, France and the United States, have much simpler systems for international operations which facilitates the process even more," said Pradi.

Sol's global sales are supported by a marketing strategy that is equally international through advertising in magazines directed at

aerial sports event — held annually in Grenoble, in the French Alps. The company has participated for 16 years.

The quality of products exported needs to be guaranteed in order to compete abroad. Sol certifies the safety of its equipment according to European standards, the most accepted around the world. There are currently around 60 manufactur-

1 Pradi and the flywear collection: world innovation

2 Plant in Jaraguá do Sul (SC): 140 employees

ers of paragliders in the world but 90% of the global market is in the hands of the 30 brands that follow the European standards. Certification is not obligatory in Brazil but most practitioners of a risky sport like this believe it is better to be safe than sorry and 90% of the equipment sold in Brazil is certified even though it is not a legal requirement.

Sol's business expansion in Brazil and abroad is also supported by a strategy that Pradi calls "world innovation". This involves the

first flywear items arose four years ago and the company now has exclusive teams for this segment, both in design, production and sales.

The innovation is already responsible for around 20% of Sol's revenues. For the time being, most of the items of this line are sold in Brazil through the Internet or a physical network. This includes two own stores — one in Jaraguá do Sul and another in Brusque, also in Santa Catarina state — and around 500 multi-brand points, besides the

All items are produced internally except for the glasses which are outsourced. "The investment in the launch of this line came to R\$ 2 million when we include the production structure, development and marketing," Pradi added.

Sol imports most of its raw materials including the extra-reinforced nylon from which the paraglider is made. Pradi believes that although the current situation in which the dollar is appreciated against the Real will raise costs, it will certainly favor international business and allow the company to recover some of the export market it lost in the years when the Real was strong. In 2002, foreign sales had reached 80% of the company's production volume before it began to decline in relative terms. However, this will be a gradual return. "This new currency situation occurred only a few months ago. We need a year, perhaps more, to reconquer the clients who left us in pursuit of more competitive prices." Nevertheless, the improvement abroad will come at a good time. Pradi believes the difficult situation of the Brazilian economy will keep domestic at stable levels, at least for some time to come.

Annual revenues worldwide from the manufacture of free-flying equipment come to around US\$ 100 million. An estimated 650,000 people practice the sport, 250,000 of whom are in Europe. Pradi is betting that this public will expand and points to a number that suggests the existing potential: "Every year around 1.4 million people make at least one flight in the company of an instructor," he said. Pradi is ready to sell a paraglider made in Jaraguá do Sul to anyone who wants to repeat the achievement on their own. ■



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production of a line of clothes and accessories — such as glasses and baseball caps — associated with free flight in a style he called flywear. Pradi said his initiative was inspired by surfwear — clothes and accessories linked to surf that created an enormous market disputed by a number of brands which now has an appeal that goes well beyond those who practice this sport. The

Sol Stores, located in flying stores and similar spaces. "The quantities are still small but we are already selling the products of this line to 18 countries. Many clients abroad have begun to notice the differential in the flywear," he said. An area dedicated only to the flywear articles was opened at the end of last year in the same place where the company's plant was operating.

Small but Outstanding

You don't need to be big to go international

Newcomer Sweet Hair advances

Oman, Kuwait and Saudi Arabia are the latest members of a list of countries to which Sweet Hair has shipped its capillary treatment products. The company, which is based in Arujá in upstate São Paulo, is still young - founded only four years ago - but already exports to 15 countries, including Spain, Portugal and the United Arab Emirates. Paulo Kazaks, the CEO of Sweet Hair, attributes this rapid international expansion to a combination of aggressive marketing and innovation. "This year alone, we have participated in 20 fairs abroad and we have a sales team dedicated solely to finding business outside Brazil. Furthermore, almost half of our 110 products have some exclusive connotation, such as a powdered shampoo for which we have the world patent," he said. Sweet Hair also began a franchise project a year ago which has already led to the opening of new beauty parlors in

various regions of Brazil and contracts for another 30 units. This expansion - in Brazil and abroad - has drawn the attention of other companies, included a listed company with which it is negotiating a merger. For this reason, Kazaks refuses to reveal his company's revenues although in previous interviews, he estimated they would come to R\$ 50 million this year. However, he is certain that the brand will continue even if this deal goes ahead as will its international expansion. "We are now entering the American market and focusing a lot on Japan and Germany." ■



1

Team game

With sales of US\$ 2.9 million, the Brazilian Game Developers project (BDG), developed by the Brazilian Association of Electronic Games Developers (Abragames) and ApexBrasil, achieved its target for the whole of 2015 in the first quarter. "The participant companies report a business potential of US\$ 12 million for the rest of



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the year," said the BDG's executive manager, Eliana Russi. The BDG is focused on strengthening the Brazilian industry on the global games market and is taking companies to three of the main events for the sector

in the world. The list of participants has expanded from 13 games exporting companies when it was launched two years ago to close to 40. ■

PICTURES: HANDOUT

A rich online collection

Qualification is the most valuable differential in the dispute for international markets. This is the focus of the online platform called *Passaporte para o Mundo*, (Passport to the World) through which Apex-Brasil makes available dozens of videos with courses and speeches, successful cases of companies operating on the international market, along with around 200 technical files, all

related to foreign trade, international competitiveness and exports. To obtain access to this valuable collection, contact the ApexBrasil Client Relationship team by phone (61) 3426-0202 or directly through the following link www.apexbrasil.com.br/fale-conosco. The interested



company will have its profile identified and then receive a personalized tour showing how to use the platform with the content that is most

suitable to the aims of its business. The only requirement is that the company becomes integrated to one of the ApexBrasil programs - all free - unless it already is. ■

Feitiços Aromáticos wins B Lab seal

A superficial glance could suggest it was just a small company like the many others that abound in the outskirts of large cities. However, Feitiços Aromáticos, which currently employs 20 people at its headquarters in Itaquera – a district in the most easterly zone of São Paulo city – was included among a group of the 10% with the best marks among around 1,200 companies certified by the respected American organization B Lab that recognizes companies throughout the world with good sustainability practices. The company was founded in 2001 and makes aromatherapy and personal hygiene products in which it combines typical Brazilian biodiversity with appeals such as sensuality, exotericism and nature. Its sustainability strategy brings together respect for nature with social inclusion initiatives in the region where it is based. It had revenues this year of R\$ 2.6 million, of which 3% came from exports to countries like Portugal, Spain and Chile. Raquel da Cruz, the founder and CEO of Feitiços Aromáticos, expects the share of sales on the foreign market to grow. “Nowadays, both the appeal of sustainability and the touch of Brazilianness are important,” she said. ■



1 Sweet Hair salon: present in 15 countries within four years

2 BDG game project: export target achieved ahead of schedule

3 Feitiços line: sensuality, exotericism and respect for nature

4 Teas, extracts and coffee by Gola Foods for the final consumer abroad

Gola Foods makes its debut

Phyto Planet, which is based in Belo Horizonte, will celebrate the 10th anniversary of its founding this year by launching its first line of products directed at the final consumer. It is the Gola Foods brand which starts off with six items: teas and extracts made from Brazilian herbs and fruits in the mate, graviola, açaí, guaraná and camu camu flavors, and a coffee. “We are already sending products from this line to South Korea and negotiating with distributors in the United States, Turkey and Germany,” said George Lage, the owner and CEO of the company which only operates on the international market. Phyto Planet acted only as a supplier of typical Brazilian culinary ingredients for food distributors abroad until recently. It has eight employees and sells these products in over 50 countries on all continents. Gola Foods will not only mean that the company is inaugurating its presence in retail products but also marks the start of

its operations as a manufacturer. (Its ingredients are processed by outsourced companies.) “We will be including new products in this new line twice a year,” Lage said. ■



Globe-Trotter

EXECUTIVE TRAVEL

Marco
Antônio
de Rezende

CITIES

A Calatrava building in Rio

THE MUSEUM of Tomorrow, a project by the controversial Spanish architect Santiago Calatrava should be inaugurated in Rio de Janeiro by the end of this year. The building (Museu do Amanhã in Portuguese) is intriguing, to say the least. It is located on a pier at the former mooring station in the Mauá square and looks like a post-modern version of captain Nemo's submarine Nautilus from "20,000 Leagues Under the Sea". It will be a different science museum, conceived to involve visitors with the physical aspects of the universe as well as ethics and philosophy. Unlike Calatrava's other works, which are featured throughout the world, the new Rio museum has not undergone any great upsets during its construction which was supervised by the Roberto Marinho Foundation and generously financed by Banco Santander. Its ambition is to stand alongside the city's great attractions, such as the Cristo Redentor statue of Christ the Redeemer and the Pão de Açúcar mountain, known as the Sugar Loaf. It will be one of the legacies of the frenetic transformations arising from the Olympic Games to be held in Rio in 2016. museudoamanhã.org.br

2 MARKETING

Florida on the ball

BRAZIL AND the UK have been jostling over the last three years to see which country sends most visitors to Florida. More than 1.1 million UK passport holders visited in 2013 compared with 1.2 million Brazilians. A total of 15.3 million foreign visitors were registered last year.

WITH AN eye on the rich British market, the Visit Florida promotion agency intends investing almost US\$ 18 million in marketing. It has also started sponsoring the oldest established London football team Fulham which was founded in 1879. The players will appear on the pitch wearing "Visit Florida" slogans on their chests.

visitflorida.com

HANDOUT/FULHAMFC



1 HANDOUT RM

- 1 Rio: The Museum of Tomorrow by Santiago Calatrava
- 2 Football to tempt English tourists to Florida
- 3 Havana: regimes come and go but the Nacional remains

CUBA

Our hotel in Havana

NOW THAT Cuba has adopted the Chinese model of Communism - normalizing relations with the United States, encouraging the creative force of private initiative and modernizing infrastructure - it is expecting a boom in foreign investments and international visitors. There is no shortage of accommodation, ranging from family-run bed & breakfast places to hotels run by European chains, such as the pioneer group Melia. The visitor can even stay in the beautiful Santa Brígida convent in calle Oficio in the heart of the historic center run by the Swedish nuns (www.brigidine.org/default.aspx?id=110). However, if you want to stand out in the Cuban capital, the best place is the venerable Hotel Nacional. This imposing building, circled by gardens on top of a small hill close to the beach, has been there since 1930. It has seen everything, including the dictatorship of sergeant Fulgêncio Batista, the partying of the American Mafia chieftains, the

triumphal entry of the bearded guerrillas from the Sierra Maestra in 1959 and the missile crisis of 1961. Arriving at its fabulous, immense entry hall is to step into an airy place that is full of history and find yourself a unique atmosphere with the original furniture and objects in place. Cuba's relative isolation in recent decades and the fact that the flow of tourists heads mainly to the beaches at Varadero have actually saved the Nacional from hasty modernization or becoming bland and plastic. The rooms are still enormous, the elevators remain noisy (stay far from them, preferably on a higher floor with a sea view) and the Internet is unstable and slow. However, there are many positive points, including a great restaurant called the Comedor de Aguiar, a café that is open 24 hours, a cigar store located underground and a service that is usually pleasant and efficient. It also provides something no other hotel in Havana can offer, the opportunity to sit down at the end of the evening in the front gardens and look at the Malecon, the Caribbean and the city center with a perfect mojito or an aromatic daiquiri at hand.

www.hotelnacionaldecuba.com/en/home.asp



CREATIVE COMMONS



CREATIVE COMMONS

3



HADOUT/MINI PALAIS/DIDERDIER

1

G A S T R O N O M Y

Palatial eating

PARIS IS one of those cities where everything acquires a special air. However, the Grand Palais restaurant is over the top – a terrace measuring 300 m² surrounded by palm trees – with a view to the Seine and the Alexandre III bridge. The kitchen of the Minipalais – as the restaurant is called – is run by Eric Frechon, the same chef who holds three Michelin stars for the restaurant in the Hotel Bristol, in the Faubourg Saint Honoré. Despite the luxury, environment and quality, a good lunch (without drinks) can be had for 28 euros per person, choosing between the formula of a main course and dessert or entrée and main course. A great opportunity.minipalais.com

C U L T U R E

A center to call my own

WITH THE exception of the spectacular makeover of the Teatro Colón some years ago and the relative novelty of the Puerto Madero area, Buenos Aires has been living for years off its old cultural infrastructure dating back to the times of General Juan Perón. However, the Argentinean capital gained a new, ambitious place at the end of last May, thanks to the architectural reformation of the former Post Office headquarters, a beautiful building in eclectic style close to the Casa Rosada. This is the new Centro Cultural Kirchner, named by President Cristina Kirchner as a tribute to her late husband, former President Nestor Kirchner. Despite its populist approach – all the activities in the CCK, as it is known, are free – the center has been presenting concerts, theater shows, exhibitions and workshops for all tastes and publics in its various areas. There are a number of auditoriums and the biggest of these, the beautiful Ballena Azul room, with 1,700 seats (250 more than the Sala São Paulo) is used for musical shows, including symphony concerts. You can visit the lounge that was Eva Perón's official office, which was the scene of chaotic hand kissing by supplicants every morning, and the terrace, now adorned with a wide glass cupola from where there is a free, panoramic view of the [city. www.culturalkirchner.gob.ar](http://city.www.culturalkirchner.gob.ar)

2



DCOLTER/CREATIVE COMMONS

FLYING

My name is LATAM

TWO OF the most traditional South American airline brands, one aged 80 (Chile's LAN) and the other 40 (Brazil's TAM) will disappear in 2016 to give way to a new unified brand called LATAM. The new company will adopt the name that was given to the holding company resulting from the merger of the two airlines. Enrique Cueto, the Chilean CEO of the group, expressed regret about abandoning the star that identified LAN planes in recent decades. "It is costly and hurts," he said. LATAM's symbol will be a stylized map of South America. The company will spend at least US\$ 40 million in gradually implementing the new visual communication – from the crew's uniforms to painting the jets. The first plane with the LATAM colors will be seen at the beginning of 2016 along with its single site. However, there will already be some changes from November when the daily TAM flight from São Paulo's Guarulhos airport to Milan will begin in Santiago and be made by LAN in a brand new Boeing 787 "Dreamliner".

latamairlinesgroup.net

3



HANDOUT

1 Minipalais: pleasant and beautiful restaurant in Paris

2 President Kirchner pays tribute to her late husband Nestor

3 The name was TAM or LAN; now it is just LATAM

4 Change to continue: Star Wars in Disney

FLAMEBOY / CREATIVE COMMONS



DESTINOS

Panama here we come

THE FIRST flight between Dubai and Panama will take off in February and herald a new route on the extensive Emirates network. A Boeing 777-200 LR will make the flight on a daily basis which will be the longest in the world, lasting 17 hours and 35 minutes. There used to be an even longer flight, of 18 hours and 50 minutes between Singapore and New York, but the carrier, Singapore Airlines, gave it up in 2013 as it was a loss maker. emirates.com

ENTERTAINMENT

Star Wars in the land of Mickey

THE WORLD of Mickey Mouse will be undergoing a revolution worthy of the new times. Bob Iger, the CEO of The Walt Disney Company, announced with great pomp, that new big areas would be set up in the group's two parks, Disney World in Orlando, and the pioneer Disneyland in California, and present characters and stories from the Star Wars series. This is a franchise which now belongs to Disney. Each of the new themed areas will cover almost six hectares and take visitors to an unknown planet in the saga, the last stage before the characters enter a scene for an adventure that will land them in the middle of a climactic battle between the First Order (the new name for the Empire) and the Resistance. If you have already added this trip to your schedule, then check the validity of your American visa... disneyworld.disney.go.com/events-tours/hollywood-studios/star-wars-weekend

4



HANDOUT

Globe-Trotter

EXPRESS TOURISM



MIAMI
WALTER HÖRMANN

If you only have a few hours...

IF YOU only have a short time free, I recommend places that are near the airport and a taxi ride away. This will suit the business traveler who has a few hours to spare, as well as the tourist who is stopping over between connections. Cubans are found throughout Miami and if you want to sample a traditional Cuban lunch, go to the Versailles Restaurant in Little Havana. It is also worth visiting outside lunch hours for a coffee with sweets. If you prefer American-style meat, the place to go is Smith & Wollensky, in South Beach. This is a traditional steakhouse on the shore with an unforgettable view of the city and islands. I recommend sitting outside.

EVERY VISIT to Miami, even for only a few hours, has to include a trip to the beach. There is nothing better than a quick visit to Key Biscayne, one of the islands nearest the center whose beaches are listed among the most beautiful in the United States. I suggest going right to the end of the island and climbing the old lighthouse at Bill Baggs Park which has one of the most fantastic views of the city. If you are pressed for time, an alternative is another park that lies in the entry to Key Biscayne — Crandon Park which is also a paradise! ■

2



PARK STAFF

MIAMI WAS an unusual American city long before it became a mecca for Brazilian consumers: tropical and multicultural, Caribbean and international, attracting retired people looking for the sun and adventure-loving writers like Ernest Hemingway. I have been living in Miami for 20 years and am currently in charge of promoting new business in Latin America for the International Planning Group, a large global wealth management and life insurance broker. In this article, written specially for PIB, I speak about a place that has been shaped by the influences brought by expatriates from all over the world: Russians, Cubans, Haitians, Colombians and French, amongst others. I also intend showing how the permanent inhabitants enjoy themselves in a city which the world knows as a place to spend holidays. Visitors and residents can both take advantage of the sea and beach which are always nearby.

1 Miami Skyline: tropical and multicultural

2 e 3 Lighthouse and beach at the Bill Baggs Park: fantastic view

4 e 5 Wynwood Kitchen & Bar: good food and galleries in laid back district

If you have a whole day...

MIAMI IS famous for luxury hotels (or only charming ones) with swimming pools and well-groomed gardens. Not everybody knows that you do not need to be a guest to enjoy a sunny morning in some of them. Outside visitors can take their swimming costume, pay a fee and feel like a millionaire on holiday amongst famous and amusing people. My recommendations are the swimming pools at the Shoreclub, Gansevoort or Lowes hotels.

FOR THE evening, I suggest a walk through the Midtown/Wynwood/Design District area. You can visit trendy art galleries, luxury stores and look for bargains in Target, a retailer the size of a wholesaler where you can find everything from sheets to wedding cakes. Have dinner at Gigi, Sugarcane or Wynwood (all of them are great). If you are in Miami on the second Saturday of the month, don't miss Gallery Night at Wynwood. The galleries stay open until late and the streets are transformed into an event, with food trucks everywhere.

WIKIMEDIA COMMONS/MARC WERETTE

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HANDOUT/ANDREW MEADE



5



HANDOUT/ANDREW MEADE



CREATIVECOMMONS/EBWABE



ANGEL VALENTIN

1

IF CONTEMPORARY art is your scene, try and make your way to the Pérez Art Museum Miami (PAMM), in Museum Park. (It is on the coast, right next to the MacArthur Causeway, one of the bridges that links the city center to Miami Beach.) This building, which was designed by star architects Herzog & de Meuron, presents a rich collection of global art from the 20th and 21st centuries. The emphasis is on the cultures of the Americas and the Caribbean. It also hosts temporary exhibitions and various events.

IF YOU are a fan of relatively old architecture, Miami is known for its original buildings built in the geometric colored art-deco style, dating from the 1920s and 1930s. A large number of these are concentrated in the famous Art Deco District in Miami Beach — a couple of blocks in Ocean Drive alongside a coastal park, dotted with restored and modernized summer hotels. The region is one of Miami's postcard views. However, I recommend an alternative: a less touristy street such as Meridian Street, that preserves the art-deco architecture in the midst of the city's daily life. If you want to try out the food, then have lunch at the Juvia Restaurant, in Lincoln Road which is located on a rooftop above the coolest garage in the world. ■

HANDOUT



2

CREATIVE COMMONS/STEFENETTI EMILIANO

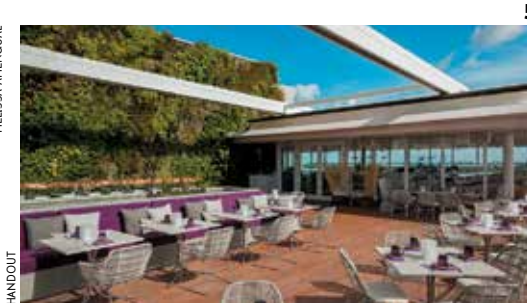
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If you have an entire weekend...

WITH TWO days to spend, it is worth exploring the Keys, the group of small islands that extends from south of Miami to the end of the large peninsula that is Florida. Want to feel like a real American redneck? Hire a Harley motorbike and spend an evening at Alabama Jacks, in Homestead. The bar is in a great place with typical food and live music.

MELISSA AMENGUAL



HANDOUT

IVAN NAVA



5

6



JUSTIN NAMON



ROBIN HILL

1 The PAMM by the sea: art is also on offer in Miami

2 and 3 Art deco in Miami Beach: back to the 1920s and 30s



HANDOUT/JULIE FLETCHER



LEE COUNTY VISITOR & CONVENTION BUREAU

4, 5 and 6 The Juvia restaurant in the cool Lincoln Road area

7 and 8 Adrienne Arsht Center: jazz, ballet, concerts and popular music

9 Flamingos on the islets of the Keys...



HANDOUT

10 and 11 ...and Sanibel Island: nature and relaxed life style

IF YOU want a sample of what Miami has to offer in terms of jazz, popular music, ballet, concerts and operas, pay attention to the weekend program of the Adrienne Arsht Center for the Performing Arts (www.arshtcenter.org). It is situated next to the Pérez Art Museum in the city center (on the other side of MacArthur Causeway). For a walk around the city, I would recommend the Bill Baggs Park in Key Biscayne once again. You will now have enough time to admire the marvelous view from the top of the lighthouse, as well as have lunch beforehand at the Boater's Grill, a restaurant within the park. (Order a whole fried fish.) End the day with dinner at the Red Fish Restaurant in another city park — the Matheson Hammock Park. Sit outside and enjoy the sunset.

YOU CAN also use some of the day to walk around the city and the rest of the weekend to go a little further. My tip is to get to know Sanibel Island, on the west coast of the state, facing the Gulf of Mexico. This is where you can find the relaxed Florida life style. The island is known for its beaches with fine white sand covered with sea shells. It is traditional to take a small bag to collect the nicest ones during your walk. There are lots of pleasant places to stay and seafood restaurants in Sanibel. The

island is surrounded by cycle ways so rent a bike and explore everything without any pressure.

FINALLY, I leave you with three tips of interesting places to get to know in Miami:

+ **SHUCKERS** Bar & Grill — one of the greatest bars, with fresh seafood and a fantastic view of the bay, located between Miami Beach and the northern part of the city.

+ **SHORTY'S** Barbecue —worth going for the baby back ribs, the best in Miami. It is close to the Dadeland Mall, in the south of the city and has a casual, entertaining atmosphere.

+ **CLUB** Deuce, in Miami Beach — if you want to escape from the usual sun and outdoor places, this is a typical American bar with no windows and is dark even during the day. A good place for a nightcap. ■

Asia has many faces

Lessons in humility and patience on a diverse continent

BRUNO BATTISTI FEDUMENTI*

I had always aimed to have the opportunity of working in international sales combined with the experience of living in another country. In 2012, I was invited to become sales export and marketing manager and sales executive in Asia at the Fras-le production plant in Pinghu, in Zhejiang province in China. I accepted the challenge and set off with my wife and all our belongings on an experience that transformed our lives. These were three unforgettable years which helped me mature in personal and professional terms.

The linguistic and cultural differences forced me to be patient and humble from an early stage. Routine requests demanded an effort of understanding. For example, once I asked for copies of an information leaflet on packaging and received samples of the packaging itself shown on the printed material. At the same time, our idea of privacy clashes with some of the Chinese habits. They are used to discussing how much someone earns and how much their possessions are worth (or read a message on a colleague's mobile phone).

I soon learned that it would be better to put up with this kind of culture-related behavior than try and change it. I took care to understand the tasks but tried to encourage independence and leadership skills among people who were more used to doing no more than what they had been asked to. The team's confidence and initiative increased bit by bit, as did its efficiency.

For my part, I learned the diplomacy that was needed to deal with the institution of the *guanxi* — the interpersonal relationship that is very important in Chinese culture. It permeates all levels of society and sometimes leads to personal and professional topics being brought together. Many Chinese believe, for example, that having a good relationship with their superior will bring job stability and put them in a privileged position when it comes

PERSONAL COLLECTION



to promotion. I saw this in the relationship not only between Chinese but also with foreigners. In these cases, you need to find the balance between our concepts of limits and take care not to upset their values. In any case, it is crucially important to cultivate coexistence. I took part in the Pinghu Watermelon Festival,

the wedding of a colleague and integration dinners with Chinese colleagues which were very important for the team's interaction.

The personal learning help me carry out the mission of expanding the company's business in the region. In countries like South Korea, Indonesia, the Philippines, Thailand and Australia, amongst others, I met people from different Asian cultures with distinct approaches to life. Negotiating with the Koreans, for example, taught me to stress the quality of the products on offer in order to gain small shares of a competitive and conservative market which highly appreciates the domestic product. Negotiating with Indonesian business leaders, most of whom are of Chinese descent, is always accompanied by tea and big meals that can last for

The Asian markets are as diversified and dynamic as the region itself. Being present on the other side of the world meant plunging into this movement and dynamism. I acknowledge that I still have a lot to learn about these ancient cultures but I am happy to have made a contribution to the growth of the company's business as well as having gained a rich experience in team leadership on a multicultural level. I recommend learning about and exploring this face of the world which is millennial and ultramodern at the same time. ■

*Bruno Battisti Fedumenti is in charge of the northern part of South America for the autoparts company Fras-le Master Jost Suspensys Controil from Rio Grande do Sul state

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The mobile usage in Brazil is high and smartphone penetration is set to double by 2020. How can this device be integrated to facilitate the expansion of consumer's telematics usage?

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Come and discuss the most innovative fleet management solutions available, such as monitoring driver behaviours.

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“Indeed the event was a success. They managed to bring together key players in the telematics market in Brazil. Congratulations for the organization it will be a start of telematics future for LATAM.”

- Andre Carvalho,
Autotrac

“It was a very important forum to exchange information and cases related to this very specific market. International knowledge from markets that are facing advanced telematics solutions helps us to identify the possible issues that we probably will face.”

- Alex Goncalves Coutinho de Almeida,
Vivo - Telefonica

“Very well prepared and conducted show, great attendance with industry recognized professionals. Great network opportunities.”

- Helder de Azevedo,
NAVTEQ