



BRAZILIAN COMPANIES GO INTERNATIONAL



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BRAZILIAN
DESIGN
IS ON THE RISE ABROAD



In the networks of knowledge

**Brazilian science is becoming
increasingly international**

CAREER

Paris? New York?
The place to grow
now is Shanghai

INTERVIEW

The new role
of Brazil, according
to US Ambassador

FINE BOUQUET

Sao Paulo women
take specialty coffees
to US customers

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Knowledge without barriers

Do countries have “knowledge” borders? In terms of geography, knowledge moves freely, but it is necessary to have a national project in order to drive its expansion. And that is what we are seeing today in Brazil. As Brazil’s economy is increasingly globalized, knowledge is also jumping over borders and establishing itself on a global scale - though incorporation of a laboratory in another country, as Brazilian multinationals are doing, or establishment of virtual research centers, as Embra-pa has done.

With the new industrial policy and the Innovation Law, both from 2004, a favorable climate for Research & Development was created, thanks to greater interaction between universities and companies, simplification of bureaucratic processes, creation of tax incentives, and a supply of venture capital.

The cover story of this edition shows some results of these decisions, allowing Brazilian science to advance by leaps and bounds to generate knowledge, even overseas. During U.S. President Barack Obama’s visit to Brazil, two agreements were signed to deepen the internationalization process through which Brazilian science passes. The first will allow agencies for scientific training in both countries to identify priority research areas for the two nations. The other intensifies academic exchange, essential to maintain the cycle.

In an interview with PIB, the U.S. Ambassador to Brazil Thomas Shannon reiterates that now is the time to establish a comprehensive partnership between the two countries, with a more strategic view of what will be expected in the coming decades. “Obama’s visit is a moment of great importance for the history of Brazil and the U.S., and for the future,” he says.

But this knowledge exchange is not only taking place with the U.S. China has become the preferred destination for young Brazilians in search of practical work knowledge. From Shanghai, a PIB report identifies many of these professionals, who, though recent arrivals on Chinese soil, stand out in the international marketplace. These are individuals who grew weary of the crisis in Europe, and traded the continent for the economic boom happening in the East.

The presence of Brazilians around the world - whether companies or individuals - also constitutes a form of knowledge exchange among countries. An example of this is Pablo Rossi, a musician who studied in Moscow and attracts the attention of worldwide experts when he takes a seat at the piano. It is he who takes the PIB reader on a tour of eclectic Russian architecture, with strategic stops to sample a good shot of vodka to get a better grasp of Moscow’s history. These are the frontiers of knowledge that are dissolving.

Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL
Nely Caixeta



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BRAZILIAN COMPANIES
GO INTERNATIONAL

A TWO-MONTHLY MAGAZINE FOCUSING ON
INTERNATIONAL BUSINESS AND ECONOMICS

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Future

Dear editors

"I enjoy reading **PIB** as it reports on the experience, dilemmas and challenges faced by Brazilian companies in their internationalization process. We know this is a long road, lined with both opportunities and challenges. In this context, sharing knowledge and experience is crucial to the development of global Brazilian players. PIB is a source of information for my students and others interested in the process of internationalization."

RICARDO PIMENTA
PROFESSOR AT FUNDAÇÃO DOM CABRAL
TECHNICAL COORDINATOR OF NETWORK
OF INTEGRATED DEVELOPMENT
BELO HORIZONTE (MINAS GERAIS STATE)

"**PIB** is an excellent informative vehicle for people involved in the international business world. It has helped fill the gaps and cater to a segment lacking in up-to-date information and with a real scope of Brazil's effective inclusion and participation in the international arena. For international relations students focused on international marketing and business, it is a must read. It is also published in English, which enriches the international business repertoire".

PROFESSOR SÉRGIO PIO BERNARDES
DIRECTOR OF GRADUATE COURSES ON MARKETING
AND BUSINESS AT ESCOLA SUPERIOR DE
PROPAGANDA E MARKETING (ESPM)
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"My husband and I have been living in the US for the last 21 years. This is the first time we have discovered a high-quality magazine focused on Brazilian companies. We receive **PIB** at our law firm (Somera & Silva) and we would like to know if we can buy it in the US or over the Internet."*

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OCEAN BOULEVARD
BOCA RATON, FLORIDA

"I have only just discovered **PIB**. I am always trying to keep my students up to date with Brazil's prospects both abroad and at home, and the current trends. With didactic, complete



and flowing language, the cover story of the last edition helped my students understand the scope of ApexBrasil's activities and to realize that Brazil is a land full of opportunities."

LIBIA LENDER MACEDO
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MARKETING OF SPORTING ENTITIES
UNIVERSIDADE ANHEMBI MORUMBI / LAUREATE
INTERNATIONAL UNIVERSITIES
SÃO PAULO (SÃO PAULO STATE)

"I managed to read **PIB** for the first time and I really enjoyed it. I would like to acquire both previous and future editions."

Piotr Kulka
MANAGER EASTERN EUROPE
BUSINESS SUPPORT CENTER - APEXBRASIL
BRUSSELS

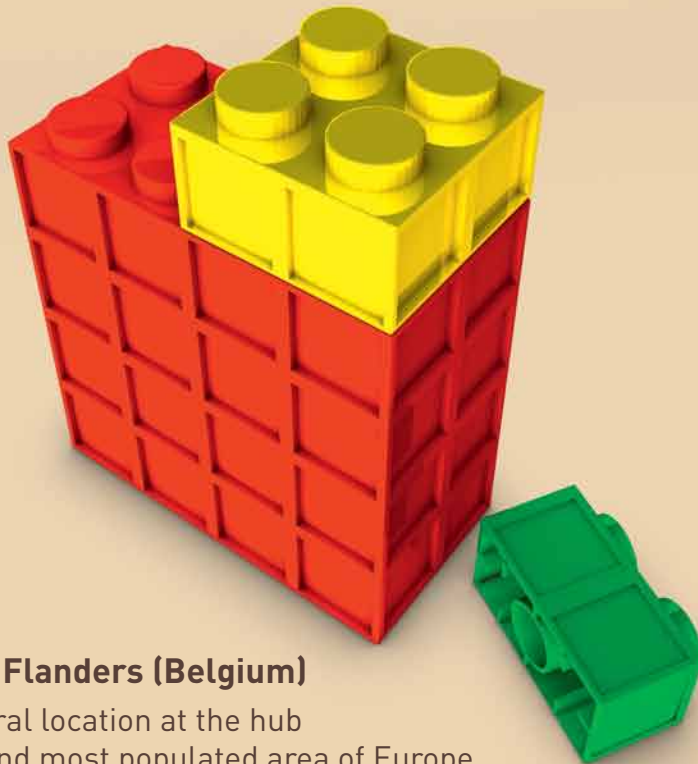
"What a wonderful magazine, tracking Brazilian companies abroad such as my company Carioca Love, a clothes line created in France in 2008. The magazine is a great window to show off the talents of Brazilian companies, which include the fashion and design areas. I loved it. Massive hit!"

MAGNOLIA OLIVEIRA

MARSEILLE

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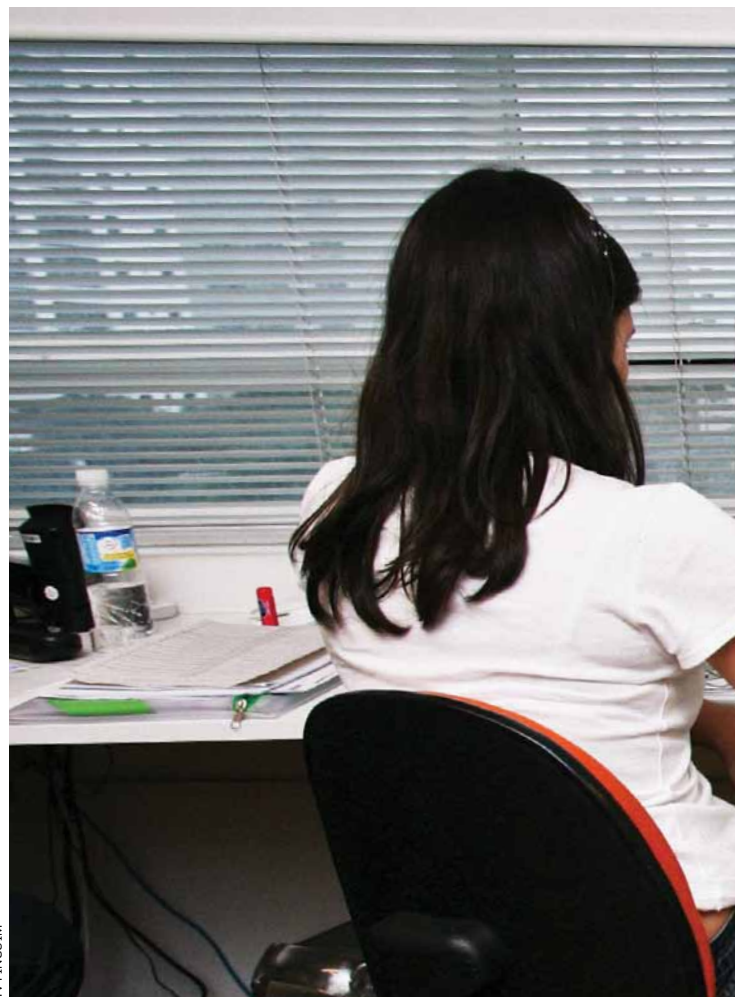
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Government of Flanders - Belgium

Animated Exports

The star of the show is a goldfish in a space suit who works as a secret agent for sustainability. The first animated series produced in Brazil, “Peixonauta” (or loosely translated into English, Fishstronaut) from São Paulo’s PinGuim studios, is already seen in 65 countries. The goldfish promises to be a great accomplishment in the sector. This year, it will appear on the U.S.-based Discovery Family network, and the show will be the first Brazilian animated program to become part of a U.S. network lineup. But the swimming secret agent is not the only one. “Meu AmigãoZão” (My Big, Big Friend), coproduced by 2DLab of Brazil and Breakthrough of Canada, is broadcast in Brazil and Latin America by Discovery Kids. “Princesas do Mar” (Sea Princesses), from Flamma Films, with production support from Australia and Spain, has been sold in more than 120 countries. Along with “Peixonauta,” the series “Meu AmigãoZão” has also closed a contract in the United States, and its characters will soon become familiar faces to American children. For Eliana Russi, the executive director of the international project of the ABPI-TV (Brazilian Association of Independent TV Producers), this is just the beginning. “Brazil is seen by international producers as a potential partner, and this visibility has increased business opportunities,” she says. The boom of Brazilian creations and their successes abroad is the result, according to Eliana, of a Brazilian TV Producers export project, created by ABPI-TV in 2004, in partnership with Apex-Brazil, the Secretary of Audiovisuals of the Ministry of Culture, and EBC/TV Brazil. Eliana recently participated in KidScreen in New York, an annual event that joins together those working at both ends of the international chain of children’s animation. Attending the event were 35 independent Brazilian producers. During the meeting, an agreement was announced between Sumatra, of São Paulo, and Toonzone, from the U.S., to make the animated series “Tiny Warriors.” The international co-production, to be produced by Toonzone with animation from Brazil, is an example of binational symbiosis.



TV PINGUIM



TV PINGUIM



1 Peixonauta cartoon and creative team

2 Brazilian wine promoted in U.S.

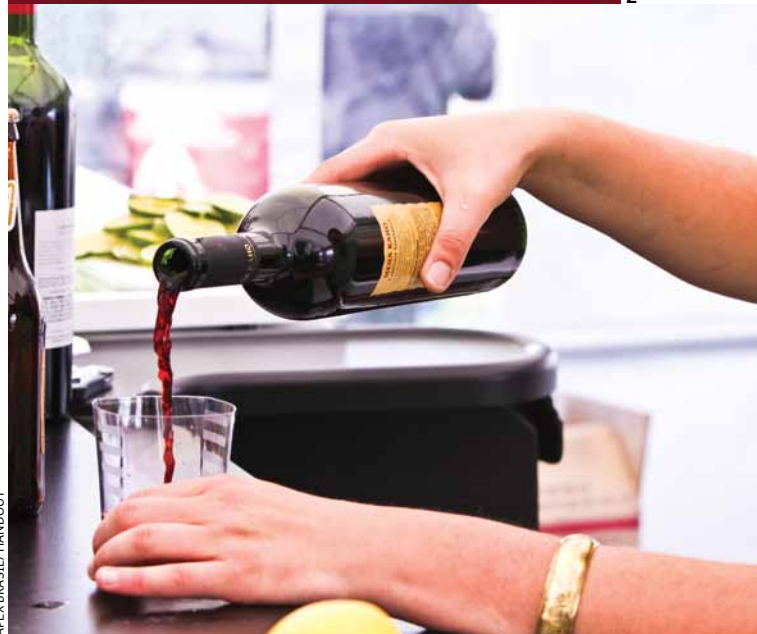
Wine, BBQ and Indy Races

The race by Brazilian winemakers to win over the American market is starting to pay off. The Americans are buying more wine produced in Brazil. Thanks to a marketing push, 22 Brazilian wines labels now appear on the menus of churrascarias (traditional Brazilian BBQ restaurants) located in the United States. The past year, Brazilian churrascarias Fogo de Chão and Plataforma, held a promotion in their U.S. restaurants, in which they distributed tickets to the Indy races to customers ordering a Brazilian wine. It was a way to introduce customers—who are trying out Brazilian products—to taste and enjoy the drink produced in Brazilian vineyards. With the demand, Casa Valduga's sales grew from a modest US \$643 in 2009 to US \$98,400 last year. Perini, another winemaker, doubled its exports to the United States, jumping from US \$15,700 in sales 2009 to US \$29,200 in 2010.

2



APEX BRASIL/HANDOUT



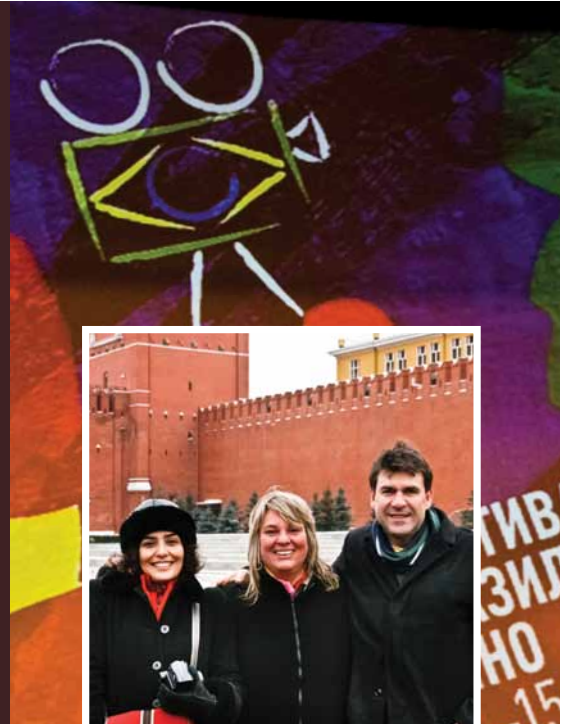
1 Letícia, Fernanda and Ederaldo, in Moscow

2 Eurofarma: strong presence in Latin America

3 Maria Del Pilar: goal to cover 90% of market

To Russia with love

The successes of Brazilian national cinema brought, for the third straight year, a legion of Russians to the Brazilian Embassy in Moscow. The project, which integrates private and public efforts, aims to disseminate Brazilian culture in Russia, presenting contemporary Brazilian films to one of the most important emerging economies in the world. "The show, promoted at the end of last year, is already part of the Russian capital's cultural calendar," says Ederaldo Kosa, the event's curator, together with Fernanda Bulhões. Among the attractions are the comedy "Deus é Brasileiro" (God is Brazilian) and drama "O Maior Amor do Mundo" (The Greatest Love in the World), both by Cacá Diegues, as well as the acclaimed "É Proibido Fumar" (No Smoking) by Anna Muylaert. Over the three years, 40 films have been shown to Moscovite audiences. The event is the result of a partnership between the Linhas Comunicação agency, the Ministry of Foreign Relations, and the Brazilian embassy in Moscow.

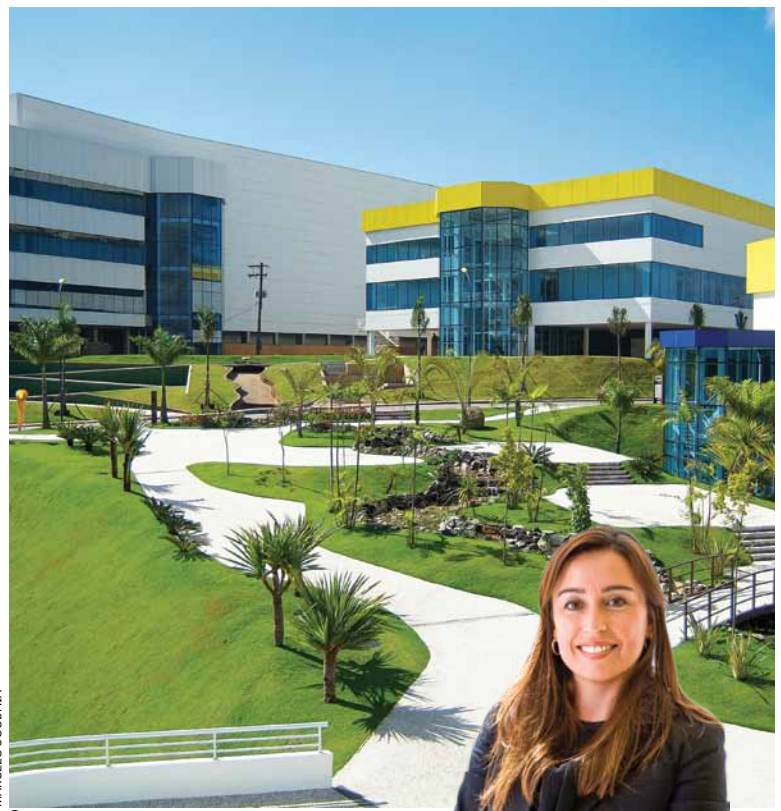


1

HANDOUT

Remedies for the neighbors

In 2009, Eurofarma, founded in 1972, made its first international acquisition: Quesada Pharmaceuticals, a company with 60 years of experience in the Argentine market. Last year, two other Latin American companies were included in the group: Gautier Laboratory, with 93 years in the Uruguyan pharmaceutical market and a presence in Paraguay and Bolivia, and Volta/Farindustria Laboratory, operating in Chile for 60 years. The sequence of acquisitions shows the importance that the pharmaceutical company, with headquarters in São Paulo, is dedicating to international expansion. "Eurofarma already has a presence in six countries, representing 52% of Latin America," says the company's director of Sustainability and New Business, Maria Del Pilar Muñoz. "Given that the goal is to cover 90% of the regional market, we still have a good challenge ahead of us."




MARCELO SOUBHIA

2

3

HANDOUT



We don't want to change the world, only the way the world flies.



Some look at a globe and see “old world” and “new world”. Others see resources, or alliances, or markets. When we look at the world, we see billions of people, each on a journey, each with a need now and then to get somewhere only flight can take them. We’re Embraer, a global aerospace company producing exciting aircraft and related solutions for business, commercial travel, and national defense. And because we believe people deserve a better, cleaner, smarter way to fly, we work every day to move human flight forward. Embraer. For the journey.

Organics' sweet moment

Participation in trade fairs abroad was the secret to leveraging the export of Brazilian organic products. In 2010, US \$ 108.2 million in goods were sent abroad through the Organics Brazil project - an increase of 130% compared to the previous year. The program is a partnership between Apex-Brazil and IPD (Institute

for Promotion of Development), and benefited 72 companies that manufacture items ranging from a local type of herbal tea ("mate" tea) to cosmetics. Of the total organic products sent to the international market last year, the food sector accounted for 96%. The highlight is organic Brazilian

sugar. The two largest producers of the product in Brazil that are part of the project, Native and Jalles Machado, represent about 70% of all organic sugar consumed in the world market. Besides sugar, Brazilian companies are exporting fruit pulp, honey, cashew nuts, and industrialized products like grains and coffee.



Exporting animal health

The São Paulo company Ourofino Agronegócio, manufacturer of veterinary products, has an eye on neighboring countries to increase its sales abroad. Last year, Latin America was the region that recorded the greatest sales growth, which jumped 19% compared to 2009, when revenues totaled R \$ 221 million. The company produces medicines for cattle and horses, as well as small household pets, at its headquarters in Cravinhos (SP). Animal health is the focus of the company, which also invests in seed and crop protection products. Ourofino's flagship products are two substances used to kill parasites on animals. Master LP has prolonged

action and releases the product on a scheduled basis. Another product, Impacto, is highly sought after to combat ticks and fleas with a low level of toxicity. Currently, the foreign market, comprising 29 countries, represents 7.5% of Ourofino revenues. The result is so significant for the segment that the company received the Export São Paulo award from the Federation of Trade Associations of the State of São Paulo (Facesp), in partnership with the Secretary of Development and Commercial Association of São Paulo.



1 Production and
product: Jalles
Machado sugar

2 Exotic fruits
from Brazil
gains market

3 Veterinary
drugs: focus
on Latin
America

Atemoya, oh my!

Little known in Brazil, the exotic atemoya been having overseas success at the hands of ViveiroBona Farm, which has plantations in Paraisópolis, Minas Gerais. With production of 400 tons per year, about 10% of the fruit is sent abroad, especially to Canada and Portugal. But this share will grow. This year's harvest produced suprisingly larger and higher quality fruit compared with last year. "We will be able to export between 5% to 10% more because the harvest will be better," says François Bonaventure, responsible for exports for Viveiro Bona. To reach the international market, an atemoya must weigh between 350 and 550 grams. The company today exports 45, 000 cases a year. Shipments are made by air twice a week, on Wednesdays and Sundays, via Guarulhos airport, to ensure that the fruits arrive fresh to end consumers. The fruit is Ecocert-certified organic agriculture and is waiting for Globalgap certification to meet all international requirements for export.

BIA PEREIRA



CORTESIA OUROFINO AGRONEGOCIO



1

EMBRAER

Embraer flies high with executive jets

Worldwide, one in five executive jets delivered last year bears the Embraer logo. This data is part of an audit released in February by Gama (General Aviation Manufacturers Association). The Brazilian company delivered 145 executive jets in 2010, an increase of 23 planes in relation to 2009, and the greatest increment in absolute terms among all manufacturers. Reaching this new level, Embraer's share in the sector hit 19%; in 2008 this percentage was just 3%. The sales success is partly linked to investment in innovation. According

to the company, six new jet model were launched over the past six years. The top seller is Embraer's Phenom 100, which represented 100 of the 145 units sold during the year. Following this came, among others, the Phenom 300, in operation for just one year and with 26 sold, and the Legacy 650, with 11 deliveries. "We will continue to strive to further improve our results, winning new clients and better serving our current ones," Luís Carlos Affonso, Embraer vice-president of executive aviation market, said in a statement.

1 Phenom 100
executive jet:
Embraer's turn

2 The Duplo
Dinâmico is a
Gerbar creation

Pirate against piracy

Created 48 years ago, Duplo Dinâmico is today the flagship product of the Gerbar Fans factory of São Paulo. With two engines and a striking design, the ceiling fan was designed by Geraldo Barros, the founder, and is still produced by hand. It is the best selling model abroad and is responsible for globally disseminating the quality of the Brazilian factory, known as one of the best in the world. Today, the foreign market represents 30% of revenues for the company, which ships products to six countries. "We have exported for more than 20 years, and the numbers doubled every year," says Claudia Spina, owner and granddaughter of the founder. The fall of the dollar, she says, about four years, led to decreased international sales, which previously accounted for 72% of company sales. Besides the dollar, the success of the model led to similar models appearing in China and the United States, of lower quality, competing with the original made in Brazil. After suing these factories, owner Claudia Spina says she began to see an opportunity in the dispute. Two years ago, she started to manufacture

two of the main fan models in China with investment of only US\$12,000. With the strategy, the situation was reversed. The new product made in China by Gerban competes directly with the pirated versions made there, and exported in particular to the United States, the company's major market. Sold under another brand, the products cost half as much as the similar versions made in Brazil. The production costs are just a fourth of the investment made in Brazil. It is as if the company had bet on a pirated version of its product to keep up in the market. "In a way, it competes with the product we produce here and export," says Claudia. "It was an option we found to offer an option for those who like the design but cannot afford to pay [for the original]." In both markets, however, she also sells the 'original' version, made in Brazil, which, she says, has rigid standards of quality and first-class materials. The Chinese version of its products now accounts for the equivalent of 10% of the company revenues. "The products made in Brazil are still sold more abroad."





3 questions for...

Kris Peeters,
minister-president of the
Flanders region of Belgium

HANDOUT

1 Despite being an important European logistics center, the region seems to be little known in Brazil. Why?

I do not think this is so. Brazilian companies that operate in international logistics are aware of the importance of the port of Antwerp (in the northern region), which is Europe's second largest port and second-largest petrochemical complex in the world, surpassed only by Houston (in Texas). Brazil is the largest customer of the port of Ghent (in the western region), which handles a wide variety of Brazilian imports, such as minerals and fruit juice. This is the biggest port for citrus juice in Europe and the second-largest in the world. The port of Zeebrugge (in the far west) is the world's leading center for transport of new cars. Flanders is the best place to do business in Europe.

2 Many European centers with characteristics similar to Flanders are working to attract foreign investors. What special advantages does Flanders offer to a Brazilian company?

Flanders is in the center of Europe, and major decisions related to the region are made in Brussels (the capital of Belgium and the headquarters of the European Union). Besides this, we were named the most

globalized country in the world for the fourth consecutive year. This means that nearly all cultures and countries are represented in our country, which brings numerous advantages to international companies in terms of business. Among our strong points I can highlight are labor laws, quality of manpower and research institutes, location and very interesting tax measures. Flanders also has the lowest amount of time needed to start a business, and a minimum of bureaucracy.

3 Is the Flanders region interested in hosting Brazilian biodiesel companies looking to offer products to the European market?

Flanders has created a "Bioenergy Valley," headquartered in Ghent. To promote economic development around this, we will encourage technological innovation, industrial integration and hub formation, in addition to awareness-raising in order to gain market share for biofuels. Recently, CBL (Brazilian Logistics Company), one of Brazil's largest logistics companies, announced investment of 70 million euros in a storage terminal for liquids (biodiesel, gasoline, ethanol, and vegetable oils) in the port of Ghent that has already received 1.3 million tons of biofuels.

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A View from Capitol Hill

News from the US with a Brazilian slant

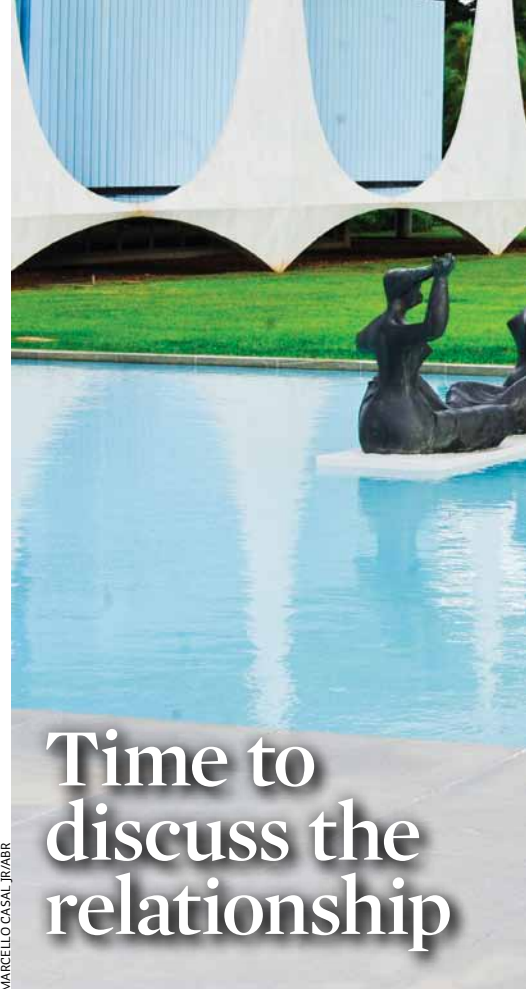
FLÁVIA CARBONARI



The Obama administration brought, in 2009, hopes for a rebound in relations between the U.S. and Latin America, which were put on hold during the Bush era. Two years have passed and little has been done to strengthen relations between the two hemispheres. Although the U.S. is still the region's largest trading partner, it continues to lose part of the market to China. Between 2002 and 2008, the market share of the U.S. in the eight major economies of the continent fell from 49% to 38%, as China's grew from 4% to 10%. Over the past two years, the Asian giant has taken the position of largest trading partner for Brazil and Chile, and will soon claim this position in Peru.

But, due to a vibrant and optimistic Latin America, with the

prospect of a new era of economic stability and growth in the region, which grew by 6% in 2010, the call for re-engagement has echoed strongly in policy analysis circles in Washington. A rapprochement with Brazil, whose bilateral relations with the U.S. were shaken after nuclear discussions with Iran in 2010, and the crisis in Honduras in 2009, comes at a good time. Brazil has a new government, the U.S. a new Congress, and the Obama administration is making up for lost time in the last year before the next presidential election. During Obama's first visit to Brazil, some issues have not escaped discussion: energy, climate change, and potential new partnerships for the World Cup and the Olympics.



MARCELLO CASAL JR/ABR

Time to discuss the relationship

1



Capital of reading...

A visit to any café in Washington, from the most traditional to the most alternative, even on a sunny holiday, can surprise a visitor: the competition to get a table in the midst of so many laptops, books, and newspapers is stiff. It is no wonder that, with 600,000 inhabitants, the city was named in 2010 as the United States' "capital of reading." Ranked since 2005 by Central Connecticut State University, the America's Most Literate Cities Index is based on six indicators: newspaper circulation, publication of specialized magazines and journals, access to newspapers or buying of books via the Internet, number of bookstores, library resources, and level of education. Washington led the ranking of the top three, finishing at the top of list for the first time, followed by Seattle, leader in the rankings in previous years.

FLÁVIA CARBONARI



1 Meeting:
Dilma and
Obama at
Alvorada
Palace

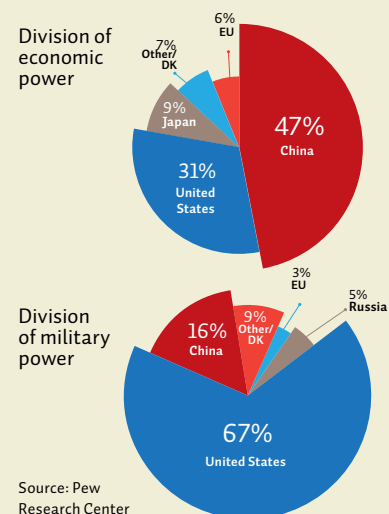
2 Café in
Washington:
a place
to read

China and the American dream

China is the second-largest economy in the world, and it is projected that in ten years it could surpass the U.S. and become the largest. A survey by the Pew Research Center, in Washington, showed that nearly half of the American population (47%) believes that China is the largest economic power on the planet, compared with 31% who cited the U.S. as the holder of this position, in this unprecedented research. Another surprise was the fact that 47% of Americans named Asia as the most important region for the U.S., against 37% who gave this priority to Europe. The study also showed that one in five Americans considers China the biggest threat to the country, ahead of North Korea (18%) and Iran (12%).

THE STRENGTH OF EACH

**China is seen as an economic power;
the USA as a military power**



...Industry of ideas

The city - which has nearly 400 think tanks and 20 universities - is the economic engine of "the market of ideas." Since Georgetown stopped serving as a port in the 18th century, the main export products have become books, reports, and policy analysis. Just as multinational corporations started to do decades ago, American think tanks are also expanding their markets, as is the case with the Carnegie Endowment for International Peace, which has stepped its toe into Beijing, Beirut, Brussels, and Moscow. China claims to have more than 400 today, which would make it the country with the second-largest number of think tanks in the world.

Revolution in the digital media age

Since the 2009 elections in Iran, when residents protested the repression via sites like YouTube, Twitter, and Facebook, the number of analysts trying to understand the impact of social media in global geopolitics has grown. In January, the State Department offered US\$ 30 million for projects that include Internet freedom programs to remove firewalls imposed by oppressive governments. "All dissident movements will have technology as a key component," said Alec Ross, an adviser to Hillary Clinton. But, in an article in Foreign Affairs, the American professor Clay Shirky says that the power of social media lies in strengthening civil society, which only produces changes over decades.

Brazil's DNA

From jewels to computing, Brazilian design is conquering the world with inventive and functional products

ADRIANA SETTI, BARCELONA

In December 2010, out of the 11 expositions on display at the world famous Triennale Design Museum in Milan, two had a Brazilian theme. Brasília, Uma Utopia Realizada provided an outline of the history of Brazil's capital city (known as planalto central) via the forms idealized by the Rio de Janeiro architect Oscar Niemeyer. Simultaneously, Anticorpi Antibodies illustrated the trajectory of the São Paulo designers Fernando and Humberto Campana. In the same Italian city, months earlier, the famous Fuori Salone circuit, which takes place in tandem with the world's most renowned furniture showroom (Salone Internazionale del Mobile), received the Brasil S/A Lounge Brasileiro de Decoração e Design exposition, featuring renowned names such as the omnipresent Campana brothers André Bastos and Guil-

herme Leite Ribeiro (from the Nada Se Leva study in São Paulo), the Rio de Janeiro artist Lúcio Carvalho and the Espírito Santo architect Paulo Mendes da Rocha (winner of the 2006 Pritzker prize). Such strong interest in Brazilian designs and forms at this global design and arts Mecca has its *raison d'être*: following the path ploughed by Niemeyer

Innovative materials, and "bold" forms make the difference

and fellow Rio de Janeiro citizen Sergio Rodrigues (creator of the coveted Poltrona Mole, perhaps the first modern Brazilian design product to take the world by storm) and, more recently, by the Campana brothers, Brazil has increasingly more heavyweight names dictating trends abroad. Gringos have finally discovered that the "made in Brazil" style can be imprinted onto something more than just flip-flops and swimwear.

The highly diversified Brazilian culture, the flexibility and creativ-

ity of Brazilians, and the strong economic momentum and visibility achieved by Brazil in recent years (which includes having been chosen to host the 2014 World Cup and the 2016 Olympics) are producing positive results in a whole host of activities. And it's no different with design. "Our front line is Brazil as a whole, and it was up to us to successfully occupy the space created", explains Joice Joppert Leal, executive director of São Paulo-based Associação Objeto Brasil. Founded to promote Brazilian design, Objeto Brasil organizes, among other events, Idea Brasil – the national version of International Design Excellence Awards (the most prestigious US design prize). "Brazil has always been held in warm regard abroad. We are seen as nice, friendly and jovial by foreigners and, in recent years, due to globalization and the opening of our market, the international community now knows a lot more about Brazil," she says.

From the viewpoint of style, do Niemeyer, the Campana brothers

Chair by Rodrigo
Almeida, from
Sorocaba (São
Paulo): aesthetic
miscegenation



and the new up-and-coming Brazilian designers have anything in common? Not necessarily. Although bright colors and, in some cases, the references to Brazilian folklore may be present in some of their work, the phrase “this is the face of Brazil” cannot be applied to all aspects of Brazilian design. “The innovation, the differentiated use of material, concerns with sustainability and the boldness that, in general, we apply enable our products to be accepted anywhere in the world”, says Joice. “Good design doesn’t necessarily have to be recognized as typical of a certain place and, at the same time, we don’t have such an emblematic line as, for example, Scandinavian design”, she explains referring to the ergonomic, functional and minimalist forms that

characterize the furniture and other objects produced in Sweden, Denmark and Norway.

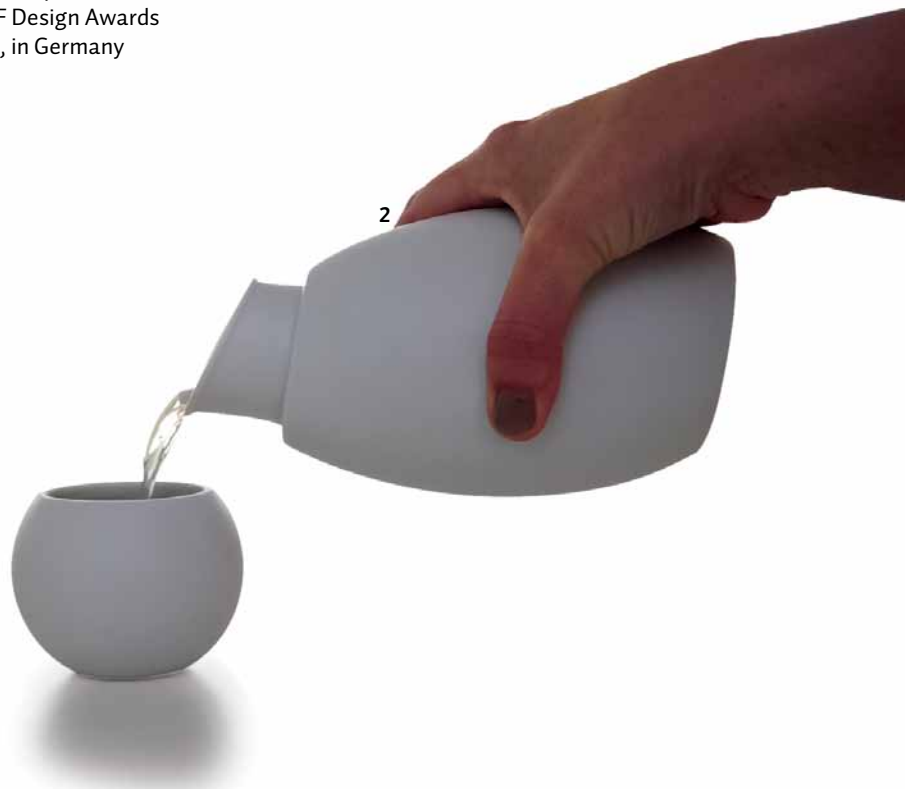
Although there are no explicit aesthetic elements that define “Brazilian Design”, the observation that something very effervescent is happening in Brazil is the consensus. During some weeks last year, Wallpaper (a British reference magazine) established temporary headquarters in what it defined in its editorial as “the world’s most exciting country”, in order to try and outline a portrait of this moment of Brazil’s ascendancy and how it reflects in Brazilian cultural and industrial production. The result is the dossier Born in Brazil, featuring reports and interviews with people such as the architect Paulo Mendes da Rocha, the graphic designer Felipe Taborda

and the jeweler Antonio Bernardo (both from Rio de Janeiro), and the Rio Grande do Sul businessman Oskar Metsavaht, owner of the Osklen clothes brand, among many others. In its 2010 Design Awards, the Wallpaper magazine also awarded a prize to a house signed by the São Paulo architect Marcio Kogan.

Another international reference, the British newspaper The Guardian, published a special article in which it stated that “Brazilian design, from fashion to architecture, previously recognized simply for its flamboyant nature, is being accepted for its inventiveness, originality and diversity – reflecting an unusual mix of influences”. And it cites factors ranging from urban chaos, the Amazon region, sugarcane plantation workers and the

WINNERS

Some of the 23 winning Brazilian products at the iF Design Awards 2011, in Germany



gothic movement as the salad of factors from where Brazilian artists get their references to produce objects, clothes, furniture, buildings and jewels that are simultaneously original and compatible with the contemporary market. The names mentioned include the São Paulo stylist Alexandre Herchcovitch and the graffiti artists Gustavo and Otávio Pandolfo, “The Twins”, also from São Paulo.

If, on the one hand, already recognized names in Brazil are becoming more prominent abroad, another wave of Brazilian designers conquering the international market have something in common with contemporary Brazilian musicians such as Seu Jorge, Bebel Gilberto and many others: success abroad came before national recognition. “Around 90% of what I produce goes abroad”, recalls Rodrigo Almeida (from Sorocaba, São Paulo), who last year presented his work at FAT Galerie (Paris) and Contrasts

(Shanghai) in China, and whose work is recognized (and sold for up to 20,000 Euros) in global design capitals such as Milan, Paris, New York and London. Famous for creating objects out of unlikely elements and combinations (such as, for example, making a lamp out of a pair of tennis shoes), Rodrigo also writes a column in the specialized Italian magazine MADE. However, he has

British magazine “Wallpaper”: Brazil is world’s most exciting country

only just launched his first collection by a Brazilian company, Dpot. “People in Brazil always want to repeat what has already worked abroad... no one wants to innovate,” says Rodrigo, whose success abroad is attributed precisely to his originality and focus on Brazilian culture, to create that which he calls “aesthetic miscegenation”. In practice, this means objects such as the Salvador chair. In an allusion to the state capital of Bahia (Salvador), the back of the chair is lined by a fabric with a texture similar to that of a net and

1 Itaotec Self Check Out (São Paulo)

2 Ceramic jug from The Led Project (SP)

3 João de Barro salt cellars, by Reboh Design (Rio Grande do Sul)

4 BioKit for Electoral Courts, by Akiyama and Dangelo Di (Paraná)

strings reminiscent of Rastafarian dreadlocks. Another of Rodrigo’s creations, the Oxum chair, has brightly colored appliques and is covered by wooden beads reminiscent of candomblé. “We have to be who we are, instead of seeing ourselves from a foreign perspective”, says the designer.

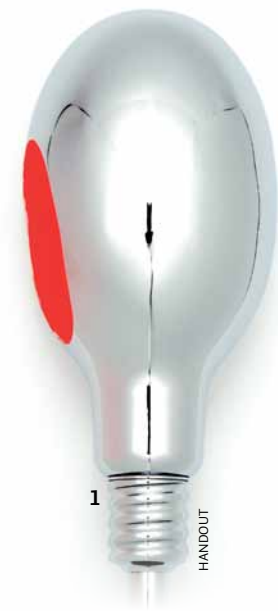
Another increasingly well-known name in international editorials is Fernando Akasaka, from São Paulo. His F.Akasaka brand, founded in 2006, is dedicated to the creation of furniture, lamps and decorative objects. Le Blob, created by Fernando in 2009, is focused on ultra-creative jewels. The first brand gained international fame thanks to the media, with appearances in magazines such as Blackbook



3



4



(US), Ideat (France) and Wallpaper (UK). Once he became known, in order to sell his products under the Le Blob label, Fernando successfully sought out famous international stores such as the concept store Eva, in New York, The Shop at Bluebird (London) and the boutique Looq (Zurich), including other addresses in Sydney, Copenhagen and European and global capital cities. “I do not follow specifically Brazilian patterns or characteristics, I look to create objects with a contemporary design”, he says. “My companies operate in the segments of luxury decoration and fashion and, in these markets, clients basically seek an innovative design, product quality and exclusivity”.

As well as launching individual talents that benefited from the opening of our markets, from a business point of view Brazil has also realized that the visual image of its products is fundamental to the competitiveness of the national industry. An example is the creation, in 1995, of the Brazilian Design Program by the Ministry of

Development, Industry and Trade, to disseminate locally a culture of production and exporting of more attractive, efficient and, thus, more competitive products. The prominence achieved by the design segment in recent years has also led specialized courses to emerge throughout Brazil. In 1980, Brazil had six industrial design schools. Today, Brazil boasts 300 graduate-level courses and another 100 technical courses.

“Companies are increasingly aware that efficiency in the productive process and quality control are not enough”, says Ana Brum, project coordinator of the Paraná Design Center, a non-profit organization responsible

for the Design Excellence program that, among other things, has the support of the Brazilian Agency for Promoting Exports and Investments (ApexBrasil) to select and register national products in the IF Design Awards, the main European design award, based in Hannover (Germany). “International awards currently work as a certificate of quality and facilitate the absorp-

tion of the products recognized (in the form of prizes/awards) by the market”, says Brum. In the last edition of iF Design Awards, Brazil was the 8th best ranked country, with 23 products ranging from computers to a porcelain moringa that reinterprets the humble clay moringas used to cool drinking water in Brazilian houses of yesteryear. For the screening process that precedes participation in the

Brazilians won 23 prizes in the European iF Design contest

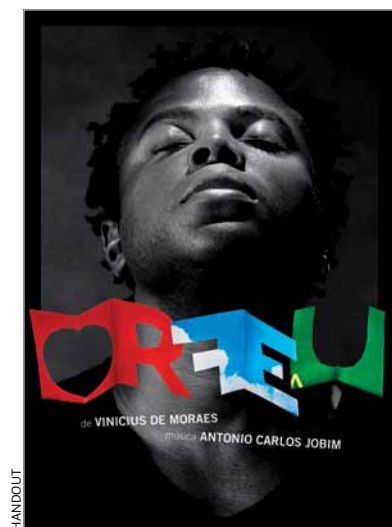


1 Jewel and lamp by Fernando Akasaka (São Paulo): quality and exclusivity

2 Felipe Taborda poster (Rio de Janeiro): Brazilian graphic arts

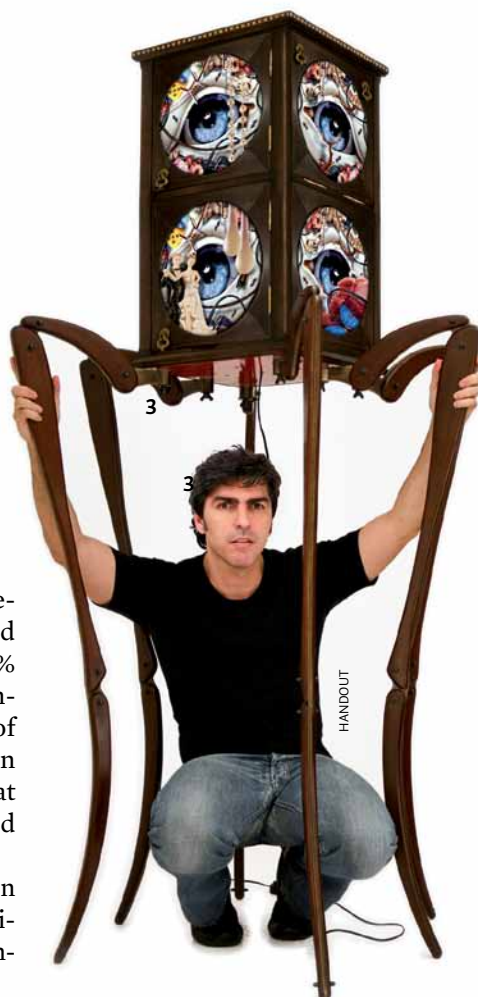
3 Lúcio Carvalho (Rio de Janeiro): furniture in Milan

4 House in Paraty by Marcio Kogan (São Paulo): awarded by "Wallpaper"



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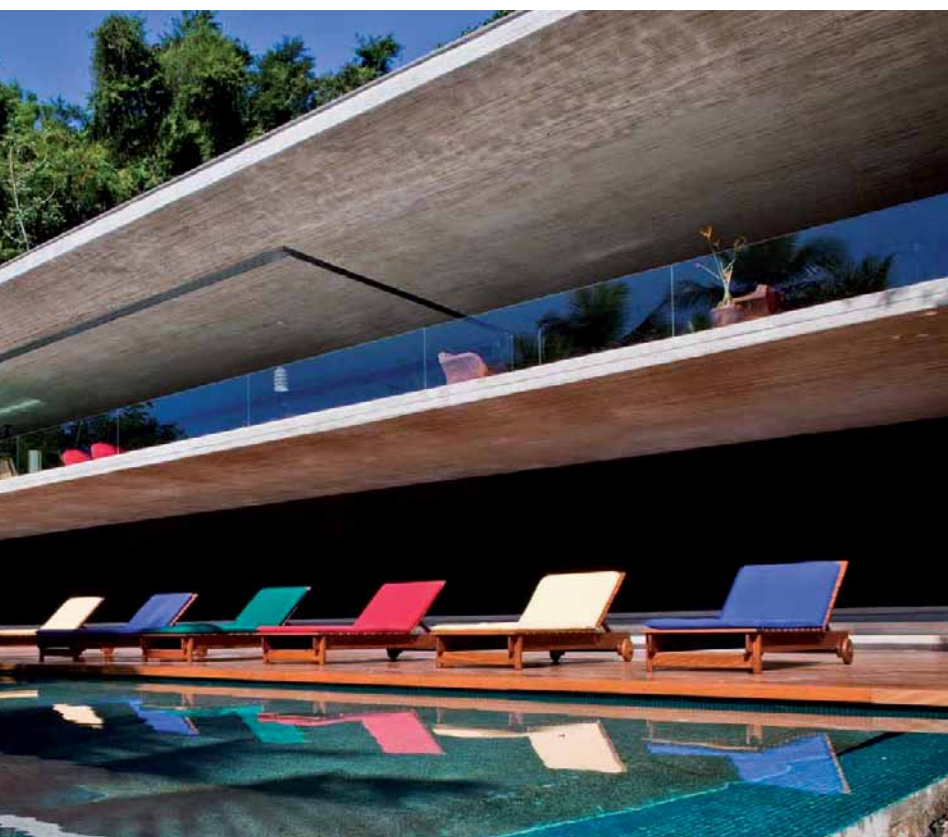
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HANDOUT

IF Design Awards event, the Design Excellence program received over 500 candidates (of which 60% were small and medium-size companies). "When design is part of the company's strategy, the return is always positive, something that doesn't happen when it is treated merely superficially", says Brum.

The creation of a Design Show in 2006 (the 2010 edition had a positive repercussion in the internation-

al press) and the Idea Brasil prize, whose first edition was in 2008, are proof of the dimension of the change in mentality in Brazil. The winners of the Idea Brasil award automatically qualify as finalists in the Idea Awards event in the US. In 2010, one of the winning Brazilian ideas included the FIAT FCC sports car (Fiat has a Style Center in Betim, Minas Gerais, which is one of the most modern in Brazil), Embraer's Legacy 500 and Legacy 450 executive jets and Itaútec's Self Check Out (a machine where the client can pay his own bills), proving that Brazil's potential also covers the industry of high technology and electronic equipment. "The prize helped us achieve the recognition that was lacking and paved the way for Brazilian design in the US", recalls Joice Joppert Leal. Between 7 and 12 December 2010, creations by over 40 finalists from the three years of IDEA/Brasil (which has SEBRAE, ABDI and CNPq as its partners) were presented in Seoul, elected the global design capital in 2010. "Are we creative? Yes, but our stance is no longer merely instinctive. We also have the know-how and know why, and our self-esteem is soaring", concludes Joice. Our Carmen Miranda aesthetic is a thing of the past. ■



NELSON KON



Chinese shortcut

The world's fastest-growing market is attracting young brazilians in search of opportunities to jumpstart their careers

NELY CAIXETA, SHANGHAI



NELY CAIXETA

Forget about London, Paris and New York! The thriving nature of Chinese cities has attracted an increasing number of young professionals interested in jumpstarting their professional careers on the other side of the world. With its broad avenues, recently-constructed gardens and futuristic skyscrapers that house companies from all over the world, in just a few years Shanghai has gone from a port

city on the delta of the Huangpu River (on China's East coast) to a megalopolis symbolic of the stunning growth of the Chinese economy. It is in this city of 18 million inhabitants that a growing group of Brazilians is touching down in search of work opportunities and a type of experience increasingly valued by headhunter companies from Brazil and anywhere else in the world for that matter. "You have to actually be here to really understand the speed at which things happen in China", says Rafael Nunes Sá Freire (27), an advertising agent from São Paulo who has been living in Shanghai for three years. "It is a real privilege to follow these changes and to try and understand, together with the rest of the world, what the Chinese are like."

Before moving to China, he spent almost 7 years in London, where he graduated in graphic design and advertising. The pace of his career in London frustrated him. "In London, I quickly realized that I would take years to get my hands dirty and actually participate in the creation of interesting campaigns", says Rafael. "It was when I visited Shanghai that I realized that there were excellent opportunities for young adults such as myself."

And his work as a senior advertising agent at the multinational J.W. Thompson has indeed given him both personal satisfaction and international recognition. Last year, he won two lions at the Cannes publicity festival, the main sector awards event. He is also one of the best three editors in the world, according to the UK publication "The Big Won Report", which each year elects the best professionals from each advertising segment. In the Chinese ranking he is the number one editor. "I reckon that's proof

enough that China helped fast track me in one of the most competitive professions in the world", says Rafael. At the ad agency, he writes in English for the regional campaigns of Ford, frequently in partnership with a Chinese editor. "My work is international", he says. "I always try to adapt to what I am doing, precisely because I have experienced and learnt about so many different cultures."

Around 5,700 Brazilians currently live in China, according to the latest estimate of Brazil's Foreign Affairs Ministry. Three years ago, this number was 3,500. This figure pales into comparison with the 280,000 Brazilians living in Japan or the 1.28mn living in the US – two of the largest Brazilian communities abroad. However, going against the grain in terms of your usual migratory flow to developed countries, those who go to China don't go with the intention of making some pocket change from manual labor or from humble jobs normally reserved for immigrants

Giovanna, Kevin, Taís and Stephanie, with the Pudong district in the background: it's all happening in Shanghai

CHINA BY THE (MASSIVE) NUMBERS

5,700 Brazilians currently live in China

41,642 visas were granted to Brazilians last year, 54% more than in 2009

54% more than in 2009

The number of visit and business visas grew by **73%** in 2010



in rich countries. In China, there are lots of people already willing to perform menial tasks. The net result of millions of people and low labor specialization is a world of opportunities “both for young people interested in improving their CVs and for businessmen looking to make good deals.

The global financial crisis, initiated in 2008 and which is still affecting the US and European economies, helped put China on the map for Brazilians looking to work abroad. One example is Fabiano Ponce (32), an executive director from Pangea International, a Brazilian foreign trade company and consultancy

specialized in helping businessmen looking to expand their business to China. Ponce landed in Shanghai in 2008, after concluding his master’s degree in International Management at Grenoble (France), where he worked in the procurement division of Hewlett-Packard. “With Europe not offering anything interesting, I



And if he's got his eyes on China, then Brazil has got its eyes on him. A short while ago, Ponce says he received a call from a Brazilian headhunter interested in his international experience – and, especially, in his capacity to manage businesses both in the East and anywhere else in the world. It offered him a managerial post at a multinational based in Brazil. “I politely declined”, he says, adding that now isn’t the time to leave Shanghai. “I am at a company with excellent prospects”.

The prospects genuinely seem to be promising. A study by the McKinsey consultancy firm shows that, in order to grow at the desired rate, the Chinese economy will need to find around 75,000 qualified workers by year-end. Four years ago, China had between 3,000 and 5,000 executives. In 2010 alone, the country recruited 480,000 professionals from abroad, according to the State Administration of Foreign Specialists.

For young executives, being in China today is a window display to show off their talents. Artists, stylists and trend hunters have chosen Shanghai as the place to be. Although China is still labeled as a country that copies a lot and creates little, a growing number of foreigners are coming to China to follow the fashion trends sprouting up on its streets and in its stores. The Brazilian Stephanie Dubus (25) is one of these scouts in China. Born in Ceará, with a Brazilian mother and a French father, Stephanie has spent almost two years in Shanghai, where she is responsible for developing and producing the collections of the US brand Bijoux Ternier,

based in Miami and with 700 stores around the world.

The company’s main product is watches, followed by bags, wallets and belts. “I travel around China looking for suppliers and I have the incredible opportunity to participate in the entire process – from creation, to production, inspection and even exports”, says Stephanie, who studied fashion in Paris and worked at M. Officer in São Paulo and at the atelier of Lino Villaventura before being seduced by China. “I never imagined that one day I would be living here”, she says.

Stephanie’s journey is the complete opposite of Giovanna Barbieri (25, from São Paulo), who had always had China in her sights. To convince her parents that it made sense to visit the Far East, she enrolled for a study grant from the Chinese government to take her MBA. Today, she is a ‘cool hunter’, following fashion trends and behavior in the shop windows and streets of Chinese cities. Giovanna provides services to companies such as Tavex (one of the world’s largest denim producers and a subsidiary of Brazil’s Camargo Correa group) and women’s clothing chain Le Lis Blanc.

“I bucked the trend of visiting the world’s global fashion capitals and came to China instead”, explains Giovanna as she shows us her “Tofu in China” blog – which she fills with her everyday living expe-

**Chinese
experience
has put
executives on
headhunters’
radar screen**

decided to go elsewhere”, he says. He obtained a study grant and went to Shanghai to take his course, entitled “How to do business in China”, at the Shanghai Institute of Foreign Trade, as well as learning mandarin Chinese. “I sought enriching experiences, from both a personal and professional standpoint”, he says.

periences in China. It's a decision she didn't regret, although she admits that course levels are inferior to Brazil and that teachers aren't really equipped to give classes in English.

"Living in China ensures that we become more globalized", she says. "The competition is huge and, if we don't try to be the best, others will replace us in a matter of seconds".

The number of visas granted by the Chinese Embassy in Brazil gives an idea of the growing interest that the country has been arousing in Brazilians. In 2010 alone, 41,600 visas were granted for travel, business or work

Number of visas granted to Brazilians doubled in four years



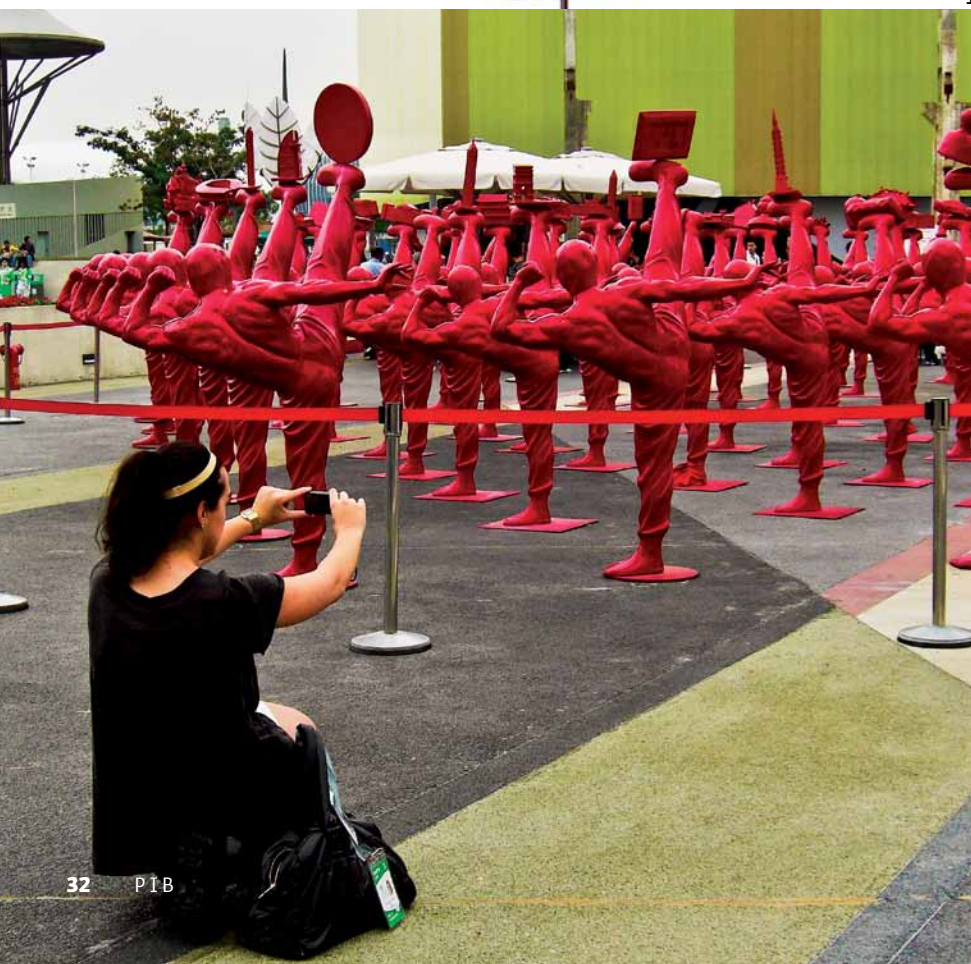
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or permanently – doubled in 4 years. Part of this growth comes from executives who, with no connection to Brazilian companies, decided to risk their professional future in the largest of the so-called BRIC countries.

That's what happened with the architect Tais Cabral (33, São Paulo), who has been in Shanghai for four years. "The opportunities in China are enor-

mous", she says. Here you are recognized and admired for what you do, regardless of where you come from or how much you have. What matters here is what you have to offer". After spending a long period in Paris, Tais said she grew tired of the lack of dynamism there. "Then, I heard from a friend that Shanghai was the laboratory of China", she says. "Everything that was about to happen was going to happen here, while London and New York had already been through this process". Upon arriving, she worked at two architecture firms, before opening her own company six months later, Tais Cabral Interiors. She currently spends her time working as an interior designer for the growing Chinese middle class, as well as helping in projects of foreign clients (including Brazilians) who come to

PICTURES: PERSONAL COLLECTION



China.

She recently helped a married couple of Rio Grande do Sul businessmen to put a show room together to promote Brazilian brands in Shanghai (see table on page 34). “In China people want everything to be done yesterday”, she states. “Projects that would normally take six months in Brazil and ten in Paris are done in two months in China”, she says. In all these years, Tais says she has already incorporated some Oriental habits. “I drink tea all day despite the scalding heat, I’m always having massages and I am addicted to Chinese food”, she says. “But I have also acquired the horrible habit of shouting when I speak.”

“The thriving Chinese economy can jumpstart careers in a matter of months

Speaking fluent mandarin, the main language, is still a major challenge. Fortunately, however, although Shanghai or Peking are still nowhere near as internationalized as their Hong Kong, Singapore or Bangkok neighbors, you can get by speaking English. The growing legion of foreigners in the major Chinese cities makes English a safety net for those with a poor grasp of mandarin. But things should change: “You will now see more and more foreigners speaking fluent mandarin on the streets”, says Tais, who speaks just enough to grab a cab or go shopping.

The businessman Kevin Tang (29) uses his multicultural roots to

1 Giovanna:
hunting
industry trends

2 Stephanie:
in search of
suppliers

3 Taís, at the
showroom she
helped design:
Oriental customs

4 Kevin:
multicultural
roots facilitate
business

travel from Brazil to China. Born in New York, raised in Rio de Janeiro, son of a Chinese father and German mother, Kevin has a degree in economics and international relations from the University of Cornell and, for 3 years, has run Transnational Resources, a company dedicated to selling Chinese products to Brazil.

He spends four months of the year in China – mainly in Shanghai – and splits the rest of his time between Rio and São Paulo, selling machines, steel, building supplies,



3 4



1 Antônio and Tânia: winning over the Chinese market

2 Ponce: after taking his master's in France, he now works in 'crisis-free' China

A DOOR FOR BRAZIL

CREATED A FEW MONTHS AGO, the Brazilian Gate company started out in Shanghai with the aim of facilitating the entry of Brazilian products into the Chinese market. The idea is to enable Brazilian companies to test the acceptance of their products by Chinese consumers before upping their investments in the country. Brazilian Gate, run by the married couple Antônio João Freire and Tânia Caleffi (from Rio Grande do Sul), functions as a showroom. The space, projected by the architect Tais Cabral, was inaugurated in August 2010.

The location was handpicked:

in Hong Kou, one of the most charming districts of the city, in an entertainment complex called 1933. As with the urbanistic rebirth of the Meat Packing District, in New York, the warehouses and factories of the old industrial district of Shanghai are being adapted to receive sophisticated stores, advertising studios, art galleries and restaurants.

"Our focus is the Chinese upper class: we're talking about 150 million nouveaux riches, almost the whole of Brazil", says Antônio. "Of this total, 13 million earn upwards of US\$1mn a year. These are the

people we are working for".

Brazilian Gate features products targeted at this group of highly demanding consumers, who want uncontested quality and objects with personality. "Our products have a 'touch' of Brazil – and that's what sells", says Antônio.

Exporters already present at Brazilian Trends include companies such as Mormaí, Pelu, Dado Bier and Solarium. And while the products remain on display in the main showroom of the store, Shanghai Trends (a consultancy responsible for the space, which also belongs to the couple) goes out looking for partners (distributors, store owners, licensees, franchisees or financial investors) for the companies whose products are on display.

"We took everything we had and went to China to understand the local market and also help Brazilian companies come to China as well", explains Antônio, who says that China's role as the world's producer is progressively diminishing, with the country now becoming the world's main consumer market. In other words, it is now being seen as a buyer and not a competitor. "Everyone is here, except Brazil", he complains. "Unfortunately, Brazilian businessmen remain very inward-looking and still have a hard time expanding their horizons."



apparel and accessories. Kevin believes China has become an "important/vital" partner for Brazilian companies and professionals with an international vision. "You simply cannot afford to not do business with the largest trade partner of Brazil, with over US\$50bn in bilateral trade flows in 2010", he says.

Indeed, business prospects between the two countries are more than promising. For this group of Brazilians who decided to travel half the way around the world to actively participate in the extraordinary transformation currently underway in China, their bold decision promises rich rewards. ■



WOLFGANG CHEVROLET



**THE AUTO DETROIT SALOON
HAS NOT ONLY AWARDED OUR CAR.
IT HAS AWARDED OUR THOUGHT.**

**CHEVROLET VOLT, THE CAR OF THE
YEAR AT THE AUTO DETROIT SALOON.**

More than a car moved by electricity and that uses a few or no fuel, Volt represents the Chevrolet's thought: innovate to preserve not only the environment, but also the pleasure of driving. Congratulations to north-american Chevrolet for this additional prize and thanks for the costumers that make this brand goes each time farther.



Respect street signs.

Check with your dealership for the items that come in each vehicle. Preserve life. Use the seatbelt. Chevrolet vehicles comply with the Automobile Air Pollution Control Program - PROCONVE.

Next stop, the European Union?

Europe only trails Latin America as a receiver of greenfield investments by Brazilian multinationals

FEDERICA MIAZZI*

Countries all over the world are looking to attract new foreign direct investments (also known as Greenfield FDI). We are talking about an important source of job and wealth creation, which is leading national and regional governments to set up specific organizations, the inward investment promotion agencies, to promote their territories, highlighting business opportunities and providing information on how to set up a company in their countries. Brazil's economic growth has aroused the interest of these organizations around the world. In a time when emerging markets like Brazil are playing a greater role in the recovery from the global financial crisis, the question arises: how important is Brazil as a source of new direct in-

vestments in developed economies like the European Union?

fDiMarket, a cross border investment monitor, registered a total of 455 Brazilian Greenfield projects abroad between 2003 and 2010. This type of investment almost doubled between 2007 and 2008. The European Union has been so far the second most relevant macro-region destination (69 projects), after its Latin American neighbours (198 projects), in terms of number of new direct investment projects received from Brazil since 2003.

In the 1970s, several Brazilian companies started to establish a presence in foreign markets and particularly in Europe (i.e. Banco do Brasil). A research study I performed in 2009-10, as a Master's student at the University of Bologna, tracked the presence of 124 Brazil-

ian subsidiaries as a result of Greenfield investment made by 74 Brazilian-owned companies in European Union countries. It is very difficult to trace back and track this type of FDI as there are no public statistics showing a breakdown by companies, implying that this number could actually be bigger. Below I show some of the findings of my research:

What type of Brazilian company is setting up shop in the European Union?

Most of them are also present in another macro-region (38% in Latin America; 24% in North America; 16% in Asia; 8% in the Middle East and 6% in Africa), they are usually large firms (although medium and small firms are increasingly expanding) and originally hail





Natura in Paris:
Brazilian cosmetics
are now enjoying
their day in the sun

companies to seek international experience abroad in order to remain competitive on the domestic front. The key drivers of the international expansion of Brazilian companies include the need to improve their market access, the potential to increase sales internationally, the saturation of the domestic market [Fundação Dom Cabral Ranking for Brazilian Transnational Firms in 2009], the desire to acquire complementary skills, R&D expertise, global branding and new business models [BGC New Global Challengers Report, 2008].

And why did they choose the European Union?

Brazilian investors indicate as key factors for establishing a physical presence in the European Union the historical links with its countries, and the cultural proximity with clients from this large unified market.

And finally, what still needs to be done to strengthen this presence?

There is an increasing competition to attract direct investments in the global arena. The expansion abroad by Brazilian companies is a recent phenomenon that has to be stimulated both internally and externally. In fact, from the Brazilian perspective, local small- and medium-sized innovative companies need easier ways to finance their expansion abroad. But also from the other side, the European Union needs to deepen bilateral relations with Brazil and Mercosur and better coordinate the process of promoting business opportunities in the region. ■

from the Southeastern/Southern States of São Paulo, Rio de Janeiro, Santa Catarina, Rio Grande do Sul and Paraná. The predominant industries are the Financial Services, Information & Communication Technologies and Business Services, but also Automotive, Food & Drinks, Chemicals and Electrical Equipments. New upcoming industries in this phase of internationalization are Fashion, Medical, Cosmetic industries and the Communication services.

And where do these companies establish a presence in the EU?

The EU countries which are home to the highest number of Brazilian-owned subsidiaries are also Brazil's main EU trading partners: Portugal, Spain, France, United Kingdom, Italy, Germany, Nether-

lands and Belgium. Eastern European countries recently joining the European Union are also increasingly attracting Brazilian companies and mainly for manufacturing facilities.

Why have Brazilian companies gone abroad?

The gradual opening of the Brazilian economy since the 1990s and the exporting boom started in 2002 allowed some Brazilian companies to grow, providing them with additional resources to invest abroad. At the same time the increased competition posed by international players entering the domestic Brazilian market has driven Brazilian

** Federica Miazzi is Italian and works at Think London, the foreign direct investment agency for London, where she helps Brazilian companies set up shop in the British capital*



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Warming up with a cup

São Paulo women open a U.S. niche market for Brazilian specialty coffees

TANIA MENAI, NEW YORK



PICTURES: ALCIR DA SILVA

Night falls at 4:30pm in Manhattan. We are in the charming Mott Street, in NoLiTa (the North end of Little Italy, next to SoHo). The thermometer plummets to a few degrees below zero and the situation urgently calls for a cup of coffee. We're in luck. Here is Gimme Coffee, a cozy little coffee shop that, in addition to roasting its own coffee brand, also promotes coffee planted in sustainable fashion. And what's more: it imports coffee from Brazil. "Americans are becoming more knowledgeable and learning how to

appreciate coffee", says Maria Fernanda Mazzuco (São Paulo), a coffee specialist who has been living in New York for the last five years. "They learn how to distinguish good coffee from bad coffee and are willing to pay more for the good stuff", she says.

Maria Fernanda knows what she is talking about: via her company JoyBrazil, she supplies made in Brazil coffee to Gimme Coffee and various other coffee shops and brands on the US East Coast. With one detail: all these shops and brands are environmentally and socially responsible. As a result, they reach a specific and growing market niche. JoyBrazil was created back in January 2008, from a partnership between Maria Fernanda and Eliane Sobral (also from São Paulo), who has been living in New York for the past 25 years.

The success of the brand is equivalent to a perfect cappuccino: the blend of business and coffee expertise that each partner brought to the business. Eliane spent years working in the US corporate world. She procured apparel for large chains such as Levi's, Victoria's Secret and Ann Taylor. She traveled the world (Turkey, India, Vietnam, China) but never bought from Brazilian suppliers (since they usually failed to meet the delivery deadlines!). Maria Fernanda worked in São Paulo as marketing director of Astro Café, one of the first brands certified by the Brazilian Association of Specialty Coffees. In 2005, she married an

American and moved to Brooklyn. In her suitcase, she took the contacts she had made with US coffee roasters who visited Brazil. "Up until 2000, Brazilians didn't even talk of specialty coffees; the mantra was 'what's good goes abroad, what's bad stays in the country'", recalls Maria Fernanda, who also founded the Brazilian Coffee and Barista Association. "However, the Italian brand Illy entered Brazil, bringing with it the story of Italian coffee and espressos; and restaurants started charging for coffee. Previously, a post-meal cup of coffee was free".

Maria Fernanda recalls that 70% of Illy coffee was Brazilian – it left the country, was roasted in Italy and returned to Brazil. By observing the Illy process from the box seats, Brazilian coffee producers realized that they could also create their brands in Brazil and started to offer cer-

tified coffees as "specialties": in other words, produced with social and environmental responsibility. The JoyBrazil duo is targeting this gourmet public niche that also places value on coffee produced without exploring workers and harming the environment. They work directly with Brazilian producers in São Paulo, Rio de Janeiro and Minas Gerais. One of them, in the mountain region of Rio de Janeiro, is the São João Farm, owned by Sérgio Sobral. The state of São Paulo is home to the Paineiras Farm (of the Baggio family) in Mogiana Paulista, whose coffee plantation is overseen by Li-

The best beans arrive at gourmet cafés on the East Coast of the U.S.

- | | |
|---|---|
| 1 Maria
Fernanda at
the counter
of Gimme
Coffee in NY | 2 Coffee
shop
storefront:
a winter
refuge |
|---|---|



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ana Baggio Ometto, and the Santa Terezinha Farm (owned by Cesar Ometto). In Minas Gerais, Joy Brazil works with the Pindaíba Farm (also owned by the Baggio family) in the Cerrado region.

The farms were handpicked, visited by Maria Fernanda and Eliane, and comply with the prerequisites for the rigorous certification processes of the RainForest Alliance and UTZ Certified organizations (see box on next page). The sacks are sent by ship to a port in the state of Virginia, where they are stored in a specialized warehouse. JoyBrazil has an employee based in Virginia who receives orders from small US coffee roasters in New York, Massachusetts, Michigan, North Carolina, Minnesota, Texas and even the Canadian city of Toronto. Some JoyBrazil clients roast the coffee to sell it under different brands, while others, such as Gimme Coffee, use it in their own brands.

Specialty coffee makers must prove products are sustainably produced

In order for coffee to receive the seal of sustainability, the following factors are considered: what the coffee farms do for their employees, from offering schooling and crèches to employees' children, to projects to ensure that workers' wives have other activities (such as knitting, sewing or painting) when they are not busy harvesting. There are initiatives such as a library for children, uniforms for harvesters and the guarantee of a basic basket of household necessities; all of this creates a socially responsible community. On the

environmental front, producers are required to replant native and original trees – under Brazilian laws, 20% of a farm must be covered by natural forest. It is prohibited to totally deforest a territory in order to use it for crops. "Planting trees around a coffee plantation means less agro-toxins are required", explains Maria Fernanda. "The trees



PICTURES: HANDOUT

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serve as natural protection – the birds that migrate to the region end up protecting the coffee plant, because they eat the insects that damage the plantation”. But the process doesn’t stop there: the coffee is washed after being harvested. The water is clean, since it comes straight from the spring. And after the coffee beans are washed, the water is filtered to irrigate a second plantation, such as an orange plantation, for example. In some cases, it takes three years for a coffee farm to become environmentally correct: the investment is high and this, obviously, is passed through to the price of coffee, which is reflected in an additional cost of around 30%. But people who appreciate these initiatives are willing to pay the extra price for a good espresso.

“The US population that buys coffee in supermarkets is more familiar with Colombian coffee, due to its massive marketing campaign”, says the consultant Sherri Johns, owner of WholeCup Coffee Consulting (from Oregon), which has already provided services to companies such as Starbucks and is author of the Coffee Café recipe book. “At the same time, coffee consumers are becoming increasingly sophisticated, learning what pleases them and what doesn’t, and discovering a wide variety of flavors”, she says. “Most of them know that Brazil is a coffee producer, but not necessarily that it is the best”.

Sherri recalls that US coffee roasters are familiar with Brazil for its “blend” coffee, used in a mixture with another variety, which will give the beverage its final taste. Brazilian coffee has been promoted in the US in the last 10 years. But a good coffee isn’t born on trees, she jokes. “It requires a rigorous process that starts at the coffee farm

A VALUABLE SEAL

The basic guide for certifying sustainable production

In order for a coffee farm to obtain the approval of UTZ Certified (an organization based in Holland that certifies the good practices of coffee, tea and cocoa producers), it needs to comply with the following requirements: General precautions

- The farms use water and energy with the least environmental impact. Farmers protect water springs and use sustainable energy wherever possible.
- Responsible use of agrochemicals. Fertilizer and pesticide use is kept to a minimum, and they are stored in safe places. Workers wear uniforms that protect them from the harmful effects of these products.
- Farmers use native trees to keep the coffee plantation in the shade, and seek to reduce and prevent soil erosion.
- Workers should be trained in health and safety procedures in the event of emergencies and when using pesticides.
- Producers monitor in writing the use of pesticides and chemicals, which is checked annually.
- The coffee is roasted in machines that expose it to extreme heat.
- Cargo transport should separate the green coffee beans from the other sacks of roasted coffee. Its packaging should identify it as green coffee, so that it receives special care during long hauls.



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and ends with teaching barmen on the coffee they are serving”, she notes. “One of the best Brazilian initiatives is the Cup of Excellence, a competition between coffee producers organized by the Alliance for Coffee Excellence (ACE) – and organized in Brazil by the Brazilian Specialty Coffee Association – in which 25 judges taste the products. Brazil was a pioneer and today 9 countries already promote this competition”.

Maria Fernanda and Eliana currently import to the US one thousand 60kg sacks per year, and the aim is to increase this to 10,000 sacks. 1.5kg of certified coffee costs US\$2.95 and Maria’s and Eliana’s intention was, from the outset, to cover the US East Coast. The West Coast (Seattle, Los Angeles, San Francisco) already

“The entrepreneurs’ goal is to export 10,000 coffee sacks per year to the U.S.”

has quality coffee, notes Maria Fernanda, recalling that Seattle was home to the birth of Starbucks, a hugely successful franchise in the US. “The New York culture is coffee in mugs, a habit inherited from the Dutch”, she recalls. “Five years ago, when I moved to New York, it was difficult to find a quality espresso”. Now, several places are “popping up”, mainly in the districts of young adults such as Williamsburg and Park Slope, in Brooklyn, and East Village, West Village, NoLiTa and SoHo, in Manhattan. “The new generation is already more knowledgeable on coffee and, thus, more demanding”, she notes.

As a producer and consumer market, Brazil and the US seem like a match made in heaven. Bra-

zil is the world’s largest producer of green coffee beans and a major exporter of certified coffee, while the US is the world’s biggest buyer of Brazilian green coffee beans according to Nathan Herszkowicz, executive director of the Brazilian Coffee Industry Association (ABIC), based in Rio de Janeiro. The 2010 Brazilian coffee harvest totaled 48 million sacks, while Vietnam (the 2nd largest producer) harvested 18 million, and Colombia produced 8.7 million sacks.

Production continues growing in Brazil, with the 2010 coffee harvest representing an all-time high, according to Herszkowicz. He says the US is the biggest buyer of Brazilian green coffee beans. “In 2010, the US likely acquired around 5.5 million sacks of Brazilian coffee, equivalent to 25% of overall US annual coffee consumption”, forecasts Herszkowicz. This number also includes instant coffee and ground



1 Worker at the São João coffee plantation: social and environmental sustainability

and roasted coffee (the latter in still very small volumes). The US is the largest global consumer of roasted coffee, at 20 million sacks per year: 57% of the US population aged +18 consumes coffee on a daily basis.

In a broader scenario, Brazilian non-organic roasted coffee is starting to hit the shelves of US super/hypermarket chains, such as WalMart, HEB and Publix. According to Herszkowicz, most of the coffee that Brazil exports is green Arabica beans, including specialty coffees – which are the rarest, most exclusive and highest grade. Brazil, however, still lacks a stronger brand in this market. The most frequently quoted example is always Colombia, whose government supported the creation of the “Juan Valdez – Café de Colombia”

Producers aim to build the Brazilian coffee brand, following Colombia's lead

brand, and successfully presented itself to Americans as the country of coffee. Brazil, on the contrary, is more present in other brands. Herszkowicz says this is because Brazilians only started exporting processed coffee recently. “But the

raw material of all the major US coffee brands is 25% Brazilian”, he stresses. “We are in the package”. Herszkowicz believes that Brazilian coffee will continue expanding its share of global consumption. “We currently account for 32% of annual global exports, but we will increase this to 35% in the next five years”, he concludes. But to get there, sustainable coffee isn't enough warns the consultant Sherri Johns, who is familiar with JoyBrazil's work of promoting Brazilian coffee in the US; if the taste

isn't pleasing, the consumer feels he has been short-changed. “Know your roaster, your producer and the farm where your coffee comes from. And then, and only then, start to appreciate it”, she advises. ■

CARE WITH WORKERS On a sustainable plantation...

- All children have access to education
- Workers and their families have access to decent living conditions, drinking water and medical services.
- Workers and cooperatives are protected by national labor laws, in accordance with the International Conventions of Labor Laws, including age and working hour limits, working conditions, safety and wage increases.

Interview

Ambassador
Thomas Shannon



ANTÔNIO SERRALVO NETO/HANDOUT AMERICAN EMBASSY

Partnership for the world

The Ambassador says that the U.S. recognizes the growing global role of Brazil and seeks to make room for the country to act on the world stage

NELY CAIXETA

For the Ambassador of the United States in Brazil, Thomas Shannon, it is more than time to establish a new paradigm of political cooperation between Brazil and the U.S. From his perspective, the international scenario allows both countries to now put aside a short-term view, one that is merely “transactional” and to build a long-term strategic relationship. “We have to see what kind of relationship we want in ten, 20 or 30

years,” says Shannon, during an interview granted in the midst of hectic preparations for the recent visit of the President of the United

The U.S. and Brazil took first steps towards an interesting partnership. We must take others

States, Barack Obama to Brazil – his first since he was elected in 2008. The Ambassador believes that the U.S. and Brazil have the opportunity to create a partnership not only important for both countries, but one with value that goes beyond bilateral relations. Shannon is an important part of this diplomatic puzzle. A year in office and speaking fluent Portuguese – he already served in Brazil throughout his career – the former undersecretary of state for the Western Hemisphere has focu-

sed on getting the U.S. government to recognize the new position of Brazil in the world and to treat it an equal. He spoke to PIB about the challenges for both countries to transform rhetoric into reality.

This is a time of demonstrations in the Middle East which have even reached Saudi Arabia, a major U.S. partner. What might the result be?

What the world is experiencing in the Middle East is a moment of popular expression within regimes where people had little say and little space for a long time. I am not going to predict anything about specific countries. But Secretary Hillary Clinton, in a speech in Cairo, recently spoke about the need for an opening up of politics to make room for the people. Obviously this is a track that the countries of this region must follow.

A track of opening up?

Yes. In Egypt, there is a long history of a closed regime and an attempt by society to express itself at different times and through different channels or media.

In 1979, the fall of the Shah of Iran aroused enthusiasm that soon turned into apprehension of the fundamentalist regime of the Ayatollah Khomeini. You are not concerned about things going the wrong way in the Middle East?

That possibility always exists, but we should not fear the new. Each society will find its own way to structure or channel this new “actor” in national politics. I think democracies like the U.S. and Brazil must respect other countries and act with caution. Therefore, we must also articulate our values of democracy and human rights.

What prospects do you see for relations between Brazil and the United States in the post-financial-crisis world stage?

President Obama’s visit is a trip for a 21st century partnership, an opportunity for Brazil and the U.S. to articulate a vision of partnership not only in bilateral relations, but in the way the two largest democracies in the Americas approach the world. We’ve discussed the role that the two countries can play in the world to benefit our citizens, Americans and Brazilians, as well as the idea that we have something to offer in different areas.



The challenge for the two countries now is to transform goodwill into reality

In this new 21st century relationship, in what areas can the U.S. and Brazil make a difference?

There are many areas. The major challenges of this century, such as food security, energy security, the battle against transnational crimes, drug trafficking, mass destruction and the fight against poverty and inequality, are all struggles that require agreement and coordination between countries. The U.S. and Brazil have already taken the first steps to build an interesting partnership. We have to take other steps to deepen it.

The U.S., Japan, and Brazil (with Embrapa) are partners in an agricultural development project in the Nacala corridor, in Mozambique. The goal is to incorporate a new food production area in the savannas, similar to what took place in the Brazilian Cerrado (savanna). What else is on the table?

We have interesting projects in the areas of biofuels, public health, democratic governance, and in the areas of agriculture and food security. Some are more developed than others. The joining of our experiences and capabilities has special value for some developing countries. In the fight against transnational crime, Brazil today is strengthening its capacity to combat drugs and weapons trafficking originating in neighboring South American countries. The model of cooperation in this fight is changing. Brazil, especially through the Federal Police, can be an important partner, working to enhance technical capacity in countries that need help in combating this type of crime.

In Brazil there is sugar cane ethanol. The U.S. has corn-based ethanol. Instead of one industry opposing the other, wouldn’t it be better to show the world a common option for clean energy?

This is what we are doing. The understanding about fuel has this vision of working together to build a global biofuels market. And also to create rules, exchange experiences, and help other countries establish their own industry. This shows the commitment of the U.S. and Brazil to renewable energy. But in the future, this tension between sugarcane and corn will be seen as just a step in developing third-generation biofuels. To re-

ally be a worldwide product, it cannot only be of cane or of corn. More diversified primary resources are needed, and Brazilians and Americans are working together to identify other raw materials. This is the future.

Other more advanced technologies cannot be anticipated?

The future of renewable clean energy will come from different sources, be they hydroelectric, wind, solar, or biofuels.

The U.S. Congress does not seem to have the same vision...

The Executive and Congress are working in a responsible manner to build a consensus about the future of energy, so that we can identify an energy policy that is intelligent and long lasting.

How do you evaluate the government of Dilma Rousseff in relation to the previous government?

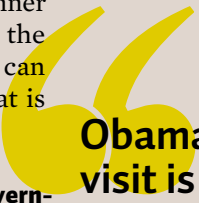
We began well, from the talks between President Obama and the president-elect in Washington, to Secretary Hillary Clinton's visit with the administration, and now with the president coming. There is a very active agenda, with many opportunities. But it is important to remember that this process of transformation had its beginning during the eight years of the Lula Presidency. Our idea is to strengthen what we achieved in this relationship, and advance and deepen it in the new government. We detect Brazilian goodwill and interest. The challenge of the two countries at this moment is to turn goodwill into factual reality.

What can be expected from the Obama government in relation to Brazil's goal of having a seat on the

U.N. Security Council?

Brazil's ambitions are legitimate, and we respect this. We have the same political values of democracy, human rights, of an open society, of actions taking place in a peaceful manner. A debate within the UN needs to move forward in order to identify how to promote these Security Council renovations. Obviously the Council needs to reflect changes occurring in the world. Right now, it's a "Polaroid" snapshot of the old world. Maybe we need a digital photo.

When Brazil adopts a position that diverges from American foreign



Obama's visit is a very important moment for history, for the future

policy, it still bothers the U.S. For example, it was the impression that Brazil, when it diverged from the U.S. position in the case of Iran, was treated differently from Germany and other European countries that had taken a stance against the intervention in Iraq. Is this in fact the case, or is it a certain "inferiority complex?"

I think that this "inferiority complex" is simply mistaken. There are historical facts, that is, since the beginning of the Republic of Brazil, the U.S. and Brazil have had important times of working toge-

ther internationally, constructing the United Nations, fighting together in World War II. Recently, it was the U.S. that opened the doors to Brazil in the G-20, so that Brazil had a leadership role, and acted within the International Monetary Fund to expand Brazil's role there. It is possible to indicate several times that the U.S. recognized the growing role of Brazil in the world and acted to make space for it. Climate change would be a good example - the way we collaborated in Copenhagen, the way we collaborated in Cancun and our own understanding of climate change, all this shows a clear recognition by the United States of the important role of Brazil.

Even with eventual differences in vision?

There are, of course, differences between the U.S. and Brazil, but this is to be expected between nations. Our president and our secretary of state have a good understanding of the transformations that are occurring here and abroad, and consider it important for us to give more room to Brazil. There are different ways of viewing our relationship. Some wish to see this relationship in transactional terms only. In some circumstances this has value, but we are countries with friendly relations, without great clashes or conflicts, with a situation that now lets us be less transactional, less tactical, and more strategic. We have to see what kind of relationship we want in ten, 20 or 30 years. We must outline our diplomacy and our relationship to achieve this goal. So Obama's visit is a moment of great importance for the history of Brazil and the U.S., and for the future. ■

Chinese at
INPE: five
satellites
in the
partnership

In the networks of knowledge

Just like companies, Brazilian science is also becoming increasingly global

ANTONIO CARLOS SANTOMAURO, SÃO PAULO

At the end of the 1980s, when the current emerging markets of the 21st century were still peripheral players on the global scene, Brazil and China started discussing the joint development of terrestrial observation satellites. A little more than two decades later, this discreet partnership has already launched three satellites, and by 2015 it will put another two into space. In this period, the two countries have also become much bigger players in the global economy. And their growth has brought with it another relevant change: China and Brazil are also investing more in the

generation of scientific knowledge and in technological research and development (R&D) activities.

The Brazilian-Chinese partnership also shows that, just like the increasingly globalized economy, knowledge is also crossing boundaries and starting to be created via global-scale ventures. The newfound importance of scientific research carried out by emerging markets was shown in a study published at the end of last year by Unesco (UN organization for education, science and culture). The

study mapped the evolution of science around the world and showed that China, for example, has dramatically upped its gross investment

in scientific research and also its relative share in global science and research output (while the share of rich countries is declining). In the period 2002-2007, China increased its share (measured by the percentage of its gross domestic spending on R&D in relation to the global total) in global R&D investment from 5% to 8.9%.

In the opinion of Unesco, emerging markets “are creating a more competitive global environment, developing their potential in the spheres of industry, science and technology”. The measure used in the work of Unesco (referred to as GERD) considers all state and private-sector spending on R&D in a country. Brazil has shown more modest progress in this analysis — the share of Brazilian GERD rose from 1.6% to 1.8% of the overall

**Emerging
markets now
have a bigger
say in global
scientific
production**





INPE/HANDOUT

global total in the same period – but gross spending rose almost 50% between 2004 and 2008 (see table on this page). And thanks to partnerships such as the one with China in the aerospace sector, Brazil is now less of a provincial country, giving it the chance to strengthen its presence among the countries involved in science and technology creation and to solidify its inclusion and participation in international R&D networks. Among other recent initiatives, Brazilians are starting to work in partnership with leading European physics and astronomic research centers – from the infinitely big to the infinitely small.

At the end of 2010, Brazil became the first non-European signatory of ESO (European Organization of Astronomic Research in the Northern Hemisphere), originally formed by

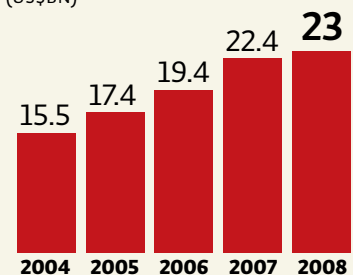
GLOBAL PRESENCE

- In 1990, over 95% of global research and development was carried out in developed countries. In 2007, this percentage had fallen to 76%.
- Between 1997 and 2007, the number of Brazilian articles featured in international scientific publications more than doubled, totaling 19,000 per year – more than Holland and Switzerland.
- Brazil's participation in international scientific publications rose from 1.7%, in 2002, to 2.7% in 2008.

- The number of Brazilian researchers per million inhabitants rose from 401, in 2000, to 657 in 2007

GROSS DOMESTIC SPENDING ON R&D IN BRAZIL

(US\$BN)



Source: 2010 Unesco Report on Science, Executive Summary

14 European countries. ESO has several state-of-the-art telescopes in the Chilean Andes, where it carries out state-of-the-art astronomical observations are performed (the polluted air and bright lights of cities affect the performance of optical telescopes, explaining the remote location of the European observatory). And Brazil has also put its name in the hat for a seat on CERN (European Nuclear Research Center) in Geneva — which is currently the main global center of atomic particle physics. Hundreds of Brazilian scientists and engineers are already working at CERN, either on their own or in joint projects of national universities and research centers.

Still awaiting approval by Congress, becoming an ESO signatory requires investments of R\$700mn in 10 years; to participate in CERN, Brazil will spend R\$25mn a year (*see box below*). The cooperation



COSTS AND BENEFITS

AT THE SÃO CARLOS PHYSICS

Institute of the University of São Paulo (IFSC-USP), in the interior of São Paulo state, Brazilian scientists work alongside colleagues from England, Japan, Spain and the US in the study of electromagnetic waves that propagate without dissipating energy. Other groups in the areas of optics, semiconductors and biophysics also have international partnerships, which is already attracting the attention of foreigners keen to work in Brazil. “We have been contacted by a PhD student from England and a university

student from Pakistan”, says Luiz Agostinho Ferreira, a researcher from IFSC-USP who is studying electromagnetic waves (and who also studies at British universities).

Will Brazil’s investment in these scientific partnerships yield results? “I do not know of any country that became poorer because it invested in research, but I do know of some countries that became poorer after they cut investments in research”, argues Ronald Cintra Shellard, vice-director of the Brazilian Physics Research Center. Shellard headed the Brazilian team that discussed with CERN (European Nuclear Research Council) the terms and

conditions for the Brazilian Center to join CERN. He believes the benefits for Brazil go way beyond just research laboratories. “CERN works in partnership with industries, holds bidding processes and orders prototypes”, he says. “If Brazil becomes a member of CERN, Brazilian advanced technology companies will be able to take part in these bidding processes”.

Other scientists are more skeptical. Augusto Daminelli, professor of astronomy at the Institute of Astronomy, Geophysics and Atmospheric Science of the University of São Paulo (IAG/USP), criticizes Brazil’s decision to



IZTOK BONICINA/ESO

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1 European telescope in the Andes... 2 ...and particle accelerator in Switzerland: Brazil has joined up

of Brazilian researchers with their European colleagues at the two organizations will help boost Brazil's status in terms of international scientific collaboration. Today, at least a third (30% to be more precise) of academic articles published by Brazilians feature the collaboration of researchers from other countries. In the UK, this percentage is 41%, notes Carlos Henrique de Brito Cruz, scientific director at Fapesp (São Paulo State Research Support Foundation), and coordinator of the Brazilian chapter of the aforementioned Unesco study. But Mr. Brito Cruz believes now is a good time to climb a few rungs on the ladder: "Scientific research in Brazil has already reached a level that facilitates international partnerships, and there are a lot of people from other countries interested in partnerships in areas such as bioenergy and agriculture". It is no coincidence that these are two of the areas in which

Brazilian research has excelled globally, ever since the country started to leverage on the natural advantages that it has always had (abundant earth, sun, water and biodiversity) together with sustained and well-channeled efforts on the educational and intellectual fronts.

An example of the increased international interest in Brazil as a research partner is the creation in Brazil, at the start of 2010, of an office of CNRS (*Centre National de La Recherche Scientifique*), France's leading state-run research institution with an annual budget of 3.4bn Euros. It is a two-way effort, says Jean Pierre Briot, director of the Rio de Janeiro-based office. As well as identifying opportunities for joint efforts, it will also give France a much better

join the European Organization for Astronomical Research in the Southern Hemisphere (ESO). "As far as Brazil is concerned, there was no technical analysis of the benefits of this investment", says Daminelli. He believes the cost/benefit tradeoff would be better for Brazil if, despite spending only 10% of the admission cost, it were to invest more in its current projects to use the telescopes of several observatories (including some of ESO's own telescopes). Albert Bruch, director of the National Astrophysics Laboratory, disagrees. "In order to continue evolving, Brazilian astronomy needs access to the new generation giant telescopes", he argues. "ESO has them".

CERN



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RICARDO CORRÊA



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idea of the Brazilian reality: “It will show that Brazil also has first-class researchers, institutions and research structures”, he says. Among the projects developed together by Brazil and France with the participation of CNRS, Briot mentions joint laboratories for studying magnetism, immunology and mathematics. The two countries are also structuring the French-Brazilian Center of Amazon Biodiversity Studies (the territory of French Guyana, on the North border of Brazil, is home to a piece of the Amazon rainforest).

If the partnership with France is more in keeping with the traditional model of associations generally led by more developed nations, the space consortium with China is an example (unfortunately a still rare example) of a partnership between two emerging nations. So, what led Brazil and China to enter into this partnership all those years ago?

Brazil-China technological partnership will launch five satellites by 2015

In the view of Thelma Krug, head of international relations at INPE (National Space Research Institute – and the institution coordinating Brazil’s participation in the program) in the São Paulo city of São José dos Campos, it was an alignment of factors that led to the partnership being created. China has similar needs to Brazil – they are both countries with vast territories, where satellites are key observational tools. China also already had a well-structured space program in place and was willing to transfer technology and share costs.

Known as CBERS (Chinese-Brazilian Earth Resource Studies), the joint program built satellites to capture key information for Brazil, such as data on the deforestation of the Amazon rainforest. And in terms of absorbing technology, it appears to have already qualified Brazil to develop its own satellite: called

Amazônia 1, the satellite should be launched in 2013 or 2014. The program has also enabled Brazilians to establish a partnership with Argentina for the joint construction of an ocean monitoring satellite, slated for launch in 2016. “The private-sector airspace industry has also come on in leaps and bounds since the agreement with China, and Brazilian companies are already being sought after for projects in other countries”, says Thelma. An example of a highly-qualified Brazilian company is Orbital (also from São José dos Campos), an aerospace engineering company that produces solar panels for generating the energy of the third Chinese-Brazilian satellite (CBERS 3), and which also provides services in Canada.

All these ramifications serve to remind us that, in the economy of knowledge, a well-watered seed usually multiplies its fruits. The very existence of companies such as Orbital in São José dos Campos is due to the birth and creation in this same city (located in the interior of São Paulo) of a technological



BRASKEN/HANDOUT

PABLO LEVINSKY

1 Chinese researcher: Embraco in Peking
2 Braskem research center: green plastic
3 Campinas CTBE: in the race for cellulosic ethanol

sustainable management of arable land.

When choosing where to install a virtual laboratory, Embrapa prioritizes countries that dominate strategically important knowledge, according to Nass: this includes areas such as advanced biology, climate changes, animal sanitation and food safety. But even in a specialty in which Brazil is dominant, such as biofuels, Brazilian researchers feel the need to establish international partnerships. This concern is well-founded: while cutting-edge studies in several countries currently favor the development of second generation ethanol (or cellulosic ethanol), capable of also using the bagasse and straw from sugarcane (or other plants) to produce biofuel, Brazil still basically works with first generation ethanol, obtained from processing the sugarcane juice.

Embrapa has "virtual laboratories" in the US, Korea and Europe

CTBE (National Bioethanol Science and Technology Laboratory), which has been operating less than a year in Campinas (São Paulo), is researching cellulosic ethanol in partnership with similar centers from the US, the UK, Chile and Sweden. Marco

Aurélio Pinheiro Lima, director at CTBE, recalls that Brazil also has the conditions to guarantee itself a privileged position in energy efficiency in this new generation of biofuels: Brazilian sugarcane produces around 10 tonnes of straw for each hectare planted, while corn (used to make ethanol in the US) produces only four tonnes. "We have received a visiting professor from the US",

and industrial center run by institutions such as ITA (Technological Institute of Aeronautics) and INPE itself. ITA was the place of study of the engineers who would later go on to create most of the companies that now form the Brazilian airspace industry chain, of which the leading proponent is Embraer – one of the world's main commercial aircraft manufacturers.

One of the reasons for the growth of scientific research activity in Brazil (highlighted in recent editions of international magazines such as The Economist and Science) is the increased investments in research. In the last 10 years, the budget of the Brazilian Ministry of Science and Technology rose 600%: from R\$1.1bn in 2000 to R\$6.6bn in 2010 (this amount excludes personnel spending). Brazil is now an international reference in areas such as renewable energy, tropical medicine, biotechnology and agribusiness. In the latter, state-run company Embrapa (Brazilian Agribusiness Research Company) is renowned the world over for the excellence of its

research into tropical agribusiness.

Embrapa established a presence in the international networks of knowledge of its area via "virtual labs", so called since they enable Brazilian scientists to work at the facilities of similar institutions abroad. At its International Virtual Labs (called Labex), Embrapa researchers now share experiences and resources with colleagues from the US, Europe and South Korea. "And there is already a demand to create Labex labs in Japan and China", reveals Luciano Nass, coordinator of knowledge interchange at Embrapa. In the US Labex, for example, the portfolio of recent research includes studies that attested to the sound sanitary conditions of Brazilian cattle, by ruling out the possibility of Brazil's cattle herd being a source of transmitting the H1N1 virus. Studies are also being carried out to support low-carbon agriculture, used in the

NATURALIZED BRAZILIANS

LARGE MULTINATIONALS currently see Brazil not just as a giant market to be conquered, but also as a source of intelligence and creation of technology: this is the case of IBM, the computer and IT giant that, in mid-2010, started to assemble its ninth global research center in Brazil. Fifteen researchers are already working there, some in São Paulo and some in Rio de Janeiro, and this number could increase if the market sees fit (worldwide, the company has around 3,000 researchers). According to Sérgio Borger, technology strategist and operations executive at IBM, the center represents the “realization of a dream” of Brazilian

researchers who worked at the company in other countries, but who wanted to return to Brazil. Borger himself, after spending 12 years at IBM in the US, returned to Brazil to work on structuring the center, whose target (among others) is to create technologies to support the exploration of natural resources and the services market.

GE (General Electric), one of the world's largest industrial conglomerates, plans to install two research centers in Brazil. One of them, focused on the creation of alternative fuels for locomotives, is still only a protocol of intentions signed with the Minas Gerais state government.

The other project is at a more advanced stage, and should be inaugurated in Rio de Janeiro in 2012, following investments of US\$100mn. GE's Rio de Janeiro center will employ around 200 researchers and engineers dedicated to developing technologies for the oil and gas, renewable energy, mining, rail and air transport industries. It will be built on an island in Guanabara Bay, which is already home to the campus of the Federal University of Rio de Janeiro and Cenpes (the research center of Petrobras).

Following the pre-salt discoveries, the Island of Fundão (next to Tom Jobim International Airport) is rapidly becoming a global center of scientific investigation related to



1 Future
center of GE
in Rio: next
to Petrobras

2 Butamax
in Paulínia:
alternative
to ethanol

oil and fuels in general. The Island is already witnessing the assembly, or recent inauguration, of research centers of US company FMC and French-US company Schlumberger — respectively, global leaders in the markets of oil production equipment and provision of services for the oil industry. Baker Hughes is also operating on the Island, while fellow US company Halliburton is planning to set up its own research center there.

Also on the energy front, renewable fuels are a magnet attracting companies from all over the world to Brazil. At the end of 2010, Butamax Advanced Biofuels announced the opening of a biobutanol research lab in Paulínia, in the interior of São Paulo — coincidentally, the same

place where Petrobras has one of its largest domestic refineries. Butamax is a joint venture between the US multinational DuPont and British oil company BP, which plan to promote biobutanol (a second generation biofuel) as a more efficient energy alternative than the already well-documented ethanol. “The new laboratory in Brazil aims to accelerate the biobutanol production process on a commercial scale using sugarcane, the most efficient raw material for producing biofuels”, says CEO Tim Potter. The Brazilian lab will add to the research developed by Butamax in India, the UK, Germany and the US, with the target of initiating commercial production of biobutanol in 2013.

says Lima. “In this area, we want to be a center of reference for researchers from all over the world”. The CTBE team, sponsored by the federal government, currently has around 50 researchers and technicians, and this number should rise to 90 by year-end.

The importance of innovation

But just becoming more international isn't enough: in order to yield the economic and social effects expected from the economy of knowledge, Brazilian research and science needs to also face the challenge of getting much more involved with private-sector economic activity, creating roots at companies in order to generate innovation in products and services offered in the market. In this area, there still seems to be a long way to go. As Mr. Brito Cruz (from Fapesp) recalls, in the US exactly 103 patents were granted to Brazilian inventors in 2009 — only 75 more than in 2000 (Indian inventors, in comparison, registered 679 patents in 2009, versus 131 in 2000). According to a Unesco study, in 2008 the Brazilian public sector still accounted for 55% of gross investment in research, with the private sector accounting for the remaining 45% — in the European Union, the private sector accounts for 65%. Mr. Brito Cruz believes the weaker development of corporate research is not down to a lack of resources or stimuli, since development initiatives in Brazil are on a par with other countries: the problem is mainly due to macroeconomic issues, such as Brazil's massive tax burden and cost of capital. “We also need to provide a bigger boost to exports,



GLADSTONE CAMPOS/REALPHOTOS

since the international market demands competitiveness, which in turn requires more research”, he adds. Sérgio Rezende, Brazilian Minister of Science and Technology from 2005 to 2010 (and often singled out as one of the key people in providing the recent boost to scientific research in Brazil) recalls another factor: research developed in a structured manner is still a new activity in Brazil. “And innovation is even newer. Rezende



The number of patents registered by Brazilian companies remains low

(who is also a physicist with constant academic output, even when he was minister) believes that business innovation needs to develop in Brazil, since Brazilian companies are alert to this need, and it is currently stimulated by institutional mechanisms. “In all countries, governments help to promote innovation”, he stresses.

Various Brazilian multinationals have already realized that inno-

vating and creating technology is fundamental and are thus looking to international cooperation. “We now need to seek skill sets no matter where they are”, says Edmundo Aires, vice-president of innovation and technology at petrochemical company Braskem. Owner of two R&D centers in Brazil and one in the US, Braskem also has partnerships with universities from countries such as Holland, Germany and Canada – as well as Brazilian universities, of course. Its list of partners in the generation of knowledge also includes Novozymes, a Norwegian producer of enzymes (with which

GLOBAL ACADEMY

TO SPEAK of globalization of knowledge is also to talk of internationalizing the “factories” of knowledge: the universities. The academy has always been cosmopolitan: since their beginning, in Middle Age Europe, universities have attracted masters and students of multiple nationalities. But the accelerated process of globalization has provided fresh impetus to this trend; before becoming the global communications network that it is today, the Internet, for example, consolidated itself as a tool of international interchange between researchers.

For Brazilian universities, intensifying internationalization is crucial, says Euclides de Mesquita Neto, provost of PhD studies at Unicamp (Campinas State University) in São Paulo. Unicamp develops versions of its site in other languages and has plans to create a structure dedicated to receiving

foreign students and researchers. “We can also think about study grant programs for foreigners and subjects taught in English”, adds Mesquita (English has assumed the role, previously held by Latin in the Middle Age, as the international language of knowledge).

Around 2% of Unicamp’s 15,000 post-graduate students are already foreigners, and the target is to increase this to 10% in 3 years. Mesquita believes Brazil has advantages in attracting foreign PhD students, such as its renowned competency in areas such as agriculture and renewable energies. “We have received strong demand for partnerships and agreements from countries such as the US, France and Germany”, he says.

Other Brazilian universities are also offering students the chance to enter into international education networks. At the University of Caxias do Sul (in Rio Grande do Sul),

students from any course can incorporate the credits obtained from a semester of studies abroad (in Medicine, two thirds of students opt for this possibility). “When choosing a university, candidates already have an international interchange in mind”, says Luciane Stallivieri, international relations advisor from UCS. “Professionals with international experience are no longer a luxury, but rather a necessity”.

Last year, the University of São Paulo (USP) granted over engineering 500 diplomas that are valid in countries such as France, Germany and Italy – dual diplomas require students to take courses lasting roughly one year in one of these countries. “In addition to mastering another language, dual diplomas prove that the student has experience of another culture”, highlights Adnei Melges de Andrade, vice-dean of international relations at USP. In the opposite direction, over

it studies ecologically sustainable plastics) and the Anglo-American company Ineos (also from the petrochemical segment)

– a partner focused on polyethylene production technologies. But Braskem itself is a source of knowledge for the world. The Brazilian company is now an international reference in areas such as green plastic (produced from ethanol), says Aires. “We have the largest green plastic production plant in

Ethanol and the pre-salt oil could make Brazil an energy technology center

the world, and we are being sought out to construct similar plants in other locations”, he says.

Another experienced “internationalist” is compressor producer Embraco (from Santa Catarina), which has research partnerships with universities from Germany, China, Switzerland and Romania (and again, naturally, from Brazil). It is also a member of international research consortia coordinated by univer-

sities from the US and Scotland, which feature multinationals such as Carrier, Honeywell, PepsiCo and General Electric. With plants in Europe, Asia and the US, Embraco studies (via these partnerships) not just applications for its compressors but also acoustic problems – how to make its products less noisy. “We currently have over 200 researchers from universities (15% in other countries) involved in Embraco projects”, says Fabio Klein, technological development manager.

1,800 foreign students are currently taking graduate and post-graduate courses at USP.

They are examples in the right direction. But Brazilian universities need to intensify the culture of internationalization, notes Carlos Alexandre Netto, dean of the Federal University of Rio Grande do Sul (UFRGS). “This culture is already present in areas such as engineering, but some courses are only starting to develop it”, he says. UFRGS is part of a group of Brazilian universities who have almost 200 students enrolled at the historical University of Coimbra in Portugal. Last year, representatives from over 1,000 Ibero-American higher education institutions determined that, by 2015, at least 2.5% of their graduation students should study abroad (at UFRGS, this percentage is 1.7%). “Internationalization is currently the fourth operating pillar of a university, together with education, research and extension courses”, says Netto.



UNIVERSITY OF COIMBRA

In mid-2010, another Brazilian company with state-of-the-art technology in its field of expertise (pulp and paper producer Suzano) concluded the acquisition of UK research company FuturaGene, specialized in biofuels biotechnology and forest-growing. Valued at US\$82mn, this deal made Suzano (which already owned 8% of the UK company) the owner of a vast database of vegetal genetic information and of a research apparatus formed by labs in the US, Israel and China. This asset enables Suzano to intensify its research into genetically improving the process of cultivating raw materials for making paper and pulp, and also positions it as a provider of biotech solutions to third parties. And if all that weren't enough, it also gives Suzano the possibility of working on the development of new products, such as

cellulosic ethanol.

All these are examples of how inclusion in international research networks is becoming a routine practice for Brazilian companies willing to compete globally. When it comes to numbers, however, it is difficult to beat Petrobras in international research partnerships. In 2009 alone (last year for which we have consolidated data), Petrobras established 102 partnerships: 60 with companies and 42 with research institutions. "Knowledge is now the main asset of humanity, and it is spread across the world", says Carlos Tadeu Fraga, executive manager of Cenpes (the research center of Petrobras). "Those with access to knowledge, wherever it lies, have competitive advantages". In the last 5 years Petrobras has spent around US\$800-900mn a year on R&D. At the end of 2010, it inaugurated the



A TWO-WAY STREET

FOR SOME time now the European Union has been looking into the potential of Brazilian science; since 2005, it has been publishing in Brazil its own research financing program, which paves the way for collaborating with other countries. The program supports, for example, Brazilian scientists devoted to researching the relationship between nano-particles and degenerative illnesses or mitigating ecological impacts on marine fauna. In 2008, Brazil was part of 59 projects supported by the EU; last year, this number had risen to 153. "The research areas in which Brazilians are most involved are biofuels and information and communication

technologies, but we are looking to expand this presence in areas such as nanotechnology, biotechnology and agriculture", explains Paulo Egler, coordinator of BB.BICE — the Brazilian Bureau for Expanding International Cooperation with the European Union, created to divulge the European program.

Brazilian institutions have also been investing in international partnerships. In the last two years, Finep (Federal Government Financier of Studies and Projects) has signed agreements with institutions from Spain and France. Now in its second edition, the French partnership has approved four projects, in which eight companies (four from each country) will develop research in the areas of nanotech-

nology, health, aeronautics and the environment. In the opinion of André Carvalho, from Finep's International Cooperation Division, "international partnerships in research and innovation are attractive from the standpoint of sharing not just know-how but also risks, and research is a risky activity."

In the last 5 years, the São Paulo agency Fapesp has established partnerships in countries such as France, the UK and Portugal. The UK, for example, supports studies on the influence of genes in the development of blood diseases and forms of identifying and characterizing stem cells. Microsoft Research (research branch of the computer giant) has a partnership with Fapesp that finances, among



RICARDO TELLES

1

1 Suzano
research: in
Brazil, the US,
China and Israel

2 Sensors in
the Amazon:
Microsoft-Fapesp
partnership

expansion (spending R\$900mn) of Cenpes, the largest R&D center in the Southern Hemisphere. Cenpes is the axis of a conglomerate of laboratories from various multinationals from the oil and energy sector (see box on page 54). “In the future, Brazil is expected to be the largest center for developing technology in the areas of oil and energy this century”, says Fraga. In addition to fresh knowledge, international partnerships positively impact the confidence of other interested parties, recalls Thelma (from INPE). “At the end of the day, the presence of an international partner makes the private sector feel safer in providing resources, since it is more difficult for a government to postpone programs”, she concludes. ■

other projects, the development and application of geosensor networks for environmental monitoring in the Amazon rainforest. “This partnership has generated heavy two-way traffic of researchers, i.e. US-Brazil and Brazil-US”, says Carlos Henrique de Brito Cruz, scientific director at Fapesp.

The scenario is promising, but Egler, coordinator of BB.BICE, makes a warning: Brazil needs to offer the world more information on its potential as a partner. The European program has a bilingual database on Brazilian science, called the Map of Competency. “But it is very difficult to obtain any information”, notes Egler. “We don’t have the culture of making ourselves seen and heard”.



FAPESP/HANDOUT

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From hippie to hype

The Sobral brand was created on the Rio de Janeiro beaches of the 1970s, but expanded by taking its colorful, bold fashion jewelry to Paris and New York

SUZANA CAMARGO, ZURICK

Several decades separate two very different businessmen. In the 1970s, Rio de Janeiro native Carlos Alberto Rezende Sobral was one of those hippy craftsmen who defended alternative living and made his money from selling corroded metal earrings and leather bags and sandals on the beaches and plazas of Rio de Janeiro. Today, aged 60, he is a businessman with stores in the US and Europe and annual revenue of US\$8.4mn. His designs have already graced the catwalks of Paris, fashion editorials such as Oprah Winfrey's magazines, and also feature in the wardrobes of pop stars Beyoncé and Alicia Keys.

It was almost by accident that businessman number one gave way to businessman number two. At the time, the frenzied decade of the 1970s, Sobral used to travel to Cabo Frio and other beaches of Rio de Janeiro's so-called lakes region to sell his products during the summer season. To facilitate the logistics side of the equation, he decided to focus on fashion jewelry – lighter than other

items of the hippie repertoire and requiring only a small initial investment. It was during these times that he discovered the raw material that would change the face of his products and his life story. It was 1976 and, at a fair on a Rio de Janeiro beach, he came across some Argentinean craftsmen selling objects made from polyester resin. Enchanted with the material, Sobral started to use it to make his products.

Colorful and asymmetric, Sobral's fashion jewelry started to make its mark in the fashion world. Made exclusively from resin, it was sold to distributors. Sobral worked as a ghost designer, as he himself puts it, for several years. "I created designs for other fashion brands to put their names on". Shortly after, production, a handcrafted process involving a handful of assistants, was transferred to Nova Iguaçu, in the Baixada Fluminense region. And so, at the start of the 1980s, Gênese was born – a company that would later give birth to Sobral.

The company was still taking baby steps in Brazil when it decided to bet on the European market. So-

bral packed his bags and went off to France. He wanted to be successful abroad and he felt that France was the place. Carrying samples of his wares and speaking very little French, he arrived in Paris on 14 July, a French national holiday no





HANDOUT

Designs for Karl
Lagerfeld: visibility

Despite the trip proving a failure, the rookie businessman returned to Paris a year later. This time, he established a network of contacts and took 120 kilos of products for immediate sale. “I paid a fortune at customs, but it was worth the investment”, he says. Sobral believes that just showing some samples wasn’t enough. The buyers wanted to see the end product and test it on store shelves. “The buyer doesn’t want to take any risks”, he says. “I learnt that from the Chinese: you have to offer the final product, ready to sell.”

The second trip was more successful and the new orders fueled the business in the following years. Sobral started selling, via distributors, fashion jewelry to large French chain stores and boutiques. The brand was a hit with clients and paved the way for a regular flow of exports. In 1988, the company chalked up revenue of US\$1mn. “Then the Chinese came. Their products were so much cheaper that there was just no way to compete with them”, recalls Sobral.

To combat these unbeatable prices, Sobral looked to set itself apart from the competition and create its own niche. At the start of the 1990s, Gênesis gave way to Sobral, which started selling its designs directly to stores, cutting out the middlemen role of distributors. But the company needed to put the name of a designer on its products to justify the higher cost of its fashion jewelry. And that’s exactly what it did. Sobral himself put his name on his creative designs. He continued working with resin, but sophisticated his designs. The challenge was to convince European buyers to spend a little more on his colorful designs, with a clear Brazilian look. “I learnt more and more as I developed each collection, but a lot

less. “To worsen things, it was the European summer season, when almost everything shuts down. A terrible time for doing business”, he recalls laughing, during a telephone interview to PIB from Paris. Indeed, it was certainly a most inauspicious

start. Those who opened their doors to Sobral didn’t trust what they saw; many believed his designs were made from semiprecious stones (a highly successful Brazilian export) and were disappointed when they discovered the resin.

is still done on intuition”, he says.

The next step was to create his own stores, in Brazil and, later, abroad. At the turn of the century, Sobral realized the importance of being closer to the consumer in order to boost sales and strengthen his brand. He opened his first store at Galeão International Airport (Rio de Janeiro), a perfect window display for those traveling abroad. He then opened other stores in Ipanema, Búzios and Paraty. He would later step foot into the São Paulo market, first at the Guarulhos International Airport and then on Normandia street (in the São Paulo district of Moema).

At the same time, he was also opening up stores abroad. He has two in Paris, inaugurated in the past decade – a wholesale store at Rue du Temple, and a retail store on the charming and elegant Saint Louis Island. In Heidelberg (German university and tourist center), the Sobral brand has a store that is virtually a franchise. It belongs to a Ger-

man woman who spent many years in Brazil and asked Sobral to open a store in the city. Very shortly, she expects to open another one in Munich. In Europe, the average ticket is 60 Euros. A bracelet that cost, for example, 20 Euros for wholesalers was sold for 50 Euros at the retail level.

In 2009, it was the US’ turn to discover Sobral’s designs. The first store was opened in Soho, a vanguard, fashion and arts district in the Big Apple. Sales are going well, although forecasts are conservative. The New York Observer and the Trade and Style&Flair fashion sites reported on the

opening of the Brazilian store. Being close to the end consumer has many advantages”, says Hécliton Henriques, president of the Brazilian Gems and Precious Metals Institute. “These advantages include Sobral’s ability to constantly interact with the various peculiarities of the markets and to rapidly respond to desires and changes in consump-

tion habits.”

Sobral learnt a lot from his international experience. He recalls that, just when he was starting out in the export business, he decided to take to Paris the leftover products from the collection he had just sold in Brazil. He lost money. What was fashionable in the Brazilian summer was (very) old news in Europe. Sobral is one of the sector pioneers in this international learning curve. Most national fashion jewelry companies still haven’t managed to make the leap abroad. In the last two years, fashion jewelry exports have been stagnant (at US\$17mn), 20% lower than in 2008, when Brazil exported US\$21mn.

The Chinese specter still looms large over the sector, which continues to seek market share abroad. Henriques believes differentiation is the only way to gain market share. “Brazilian fashion jewelry and jewelry have looked to Brazil’s rich culture and its diverse sources of inspiration to create a daring, fun and creative style to win over the international market”, he says. It is difficult to put a finger on what this Brazilian-ness is exactly, but when

Despite the success, the fashion jewelry is still crafted by hand in Nova Iguaçu



1 The Cantagalo collection pays tribute to Brazil's shanty towns

2 Rio de Janeiro monuments brought to life in resin

3 Oprah is a big fan of Sobral's fashion jewelry

4 Window display in Soho, all the hype of New York

you see a Sobral design on display in a shop window abroad you instantly know it is a Brazilian design. We're talking about a veritable explosion of colors in a single design. Sobral drinks from all the fountains of inspiration. The themes of his latest collection are the Sugarloaf Mountain and the curves of the Copacabana sidewalk. But the brand has already launched collections paying tribute to the Russian painter Wassily Kandinsky and to the Pop Art movement.

Due to his vast knowledge of the French market, Sobral's talent and creativity have already been recognized five times by the Eclat de Mode trade show for fashion jewelry, an international competition held annually in Paris and featuring fashion designers from all over the world. In 2007, the Sobral brand was invited to create the accessories of Karl Lagerfeld's summer collection. And in 2008, Sobral's fashion jewelry was gracing the catwalks of the Paris Fashion Week.

Vanity Fair, Elle and Ornamenta are just some of the international magazines to feature Sobral's fashion jewelry in their fashion editori-

als. Despite the success, his designs are still crafted by hand, one by one, by around 100 employees back home in Nova Iguaçu. Some are made by Sobral himself. In the past, exports represented 50% of Sobral's revenue – and the company is now gearing up

to open a franchise system. Sobral creates eight collections a year (four for the summer and four for the winter). "When I'm abroad, people often tell me that my fashion jewelry conveys a feeling of joy. I really think it is the face of Brazil", he muses. ■



1 Aerial view of velodrome: facilities ready

2 Sketch of inner part of sports complex

3 Heather, of Deloitte: structure as legacy

Olympic legacy

In the final stretch to host the world's largest sporting event and thousands of visitors, London shows it has much to teach Brazil

NARA VIDAL, LONDON

A monument inaugurated in early March in Trafalgar Square, a London landmark, marks the deadline for preparations: in less than a year the city will receive the 2012 Olympic and Paralympic Games. “The clock reminds us that we still have a great deal of work ahead of us,” said the mayor of London, Boris Johnson, perhaps with excessive caution, since an important part of the works is well underway.

If the British capital is battling against the clock, then Brazil, as the next host of the world's largest sporting event in 2016, should

pay attention—and not only to the timeline being followed by the punctual British. It should also pay attention to the revolution that the global event is provoking in one of Europe's largest cities.

London, which has invested 2.8 billion pounds in the works, stands out among the other cities that have hosted the event by its clear concern with the legacy to be left to residents after the games' closing ceremonies. From the choice of materials to the areas selected to receive the Olympic Village, everything seems planned for the future. A portion of the buildings under construction in London can be

disassembled and the other parts are being projected for use by the local population, which will make use of the space, including gyms and pools.

One of the major goals in London is to make the games a springboard to accelerate the development of the east region of the capital, creating a new economic anchor for the continued expansion of the city, says Heather Hancock, partner at Deloitte Consulting in the UK, who is working together with the games' organizers. One study under her direction concluded that hosting a global event is becoming a key item on the agendas of governments





LONDON 2012
2

JOHN R. WARD
3

around the world. This is because it allows cities to make decisions and execute projects that would normally be bogged down in lengthy debate and bureaucratic demands.

This structural heritage is what should be top-of-mind for developing cities wishing to host the games, says Heather in an interview with PIB. “Most important is offering a transportation infrastructure that is efficient, reliable, and accessible,” she advises. In the British capital, one of the main benefits of the event will be the investment made to improve urban infrastructure, especially the network of trains and metros. “The majority of costs

- 75% - are not for the Olympics, but for the legacy,” says Dan Epstein, head of sustainability at London’s Olympic Authority, in an interview with BBC Brazil. This indicates that only a quarter of the total investment will be channeled into the games themselves. “This is not just about the Olympics, which is just one three-week event, but about developing a part of the city for the next hundred years,” he says.

For Heather, the games in Rio will be a great opportunity for Brazil to more broadly show its many faces, combining its cultural richness with its strong sporting heritage. “It will be an opportunity to

put to rest any perception that Brazil is not a totally modern tourist destination,” she adds.

Heather makes a recommendation that politicians in general do not exactly follow. For the Olympics to run smoothly, it is necessary to coordinate and integrate all political divisions in the country - political parties and administrations in the federal, state, and municipal spheres. “In London, this was all put aside to ease the challenges and planning of the games,” says Heather. “With the right governance and committed political organizations, ‘Rio 2016’ will happen in the best possible place.” ■

Shedding the light on law

The jump to internationalization and managing international operations require brazilian companies to prepare to work with different laws and legal proceedings

ANTONIO CARLOS SANTOMAURO

In mid-2009, when it was facing problems that, later on, would lead it to file for Chapter 11 bankruptcy proceedings, General Motors (GM) postponed, in the US, payments due to Sabó, a Brazilian manufacturer of auto parts present in 10 countries (in the US it owns a plant in North Carolina). To safeguard its rights, Sabó retained a US lawyer and, with his services, received all that it was owed by the new GM (name of the surviving company). And what's better: Sabó continues to supply the new GM. "In the US, once legal matters are resolved, business continues as normal", notes Braulio de Carvalho, administrative and financial director of Sabó.

Just like Sabó, other Brazilian companies with an international presence could be involved in le-

gal matters (of all types) in foreign countries – from the most commonplace (such as opening an office) to complex contracts related to buying large operations, and tax, labor and commercial lawsuits. To reduce the risk of setbacks, Brazilian multinationals need to have the flexibility and knowledge necessary to adapt to each country's legislation and legal proceedings – with which they must obligatorily comply. Different legal systems may have very particular characteristics, and they are always changing – generally based on the inclusion of new legal requirements for companies to comply with.

Multinationals need to be flexible to adjust to the laws of each country

A good example of new branches of law being incorporated is environmental legislation, which is becoming increasingly relevant almost everywhere you look. "Nowadays it is just as important as tax and labor

legislation", says Alencar Lehmkuhl, the legal department head of Tigre (a Santa Catarina-based producer of tubes, pipes and connections), which has operations in another 9 countries. When it is planning to buy an operation in another country, Tigre investigates not only potential problems in the environmental area, but also performs quality tests on the soil and assesses the deposit of the company's residues – in order to safeguard itself from future lawsuits.

Different models

When it bought an industrial plant in Chile back in 2008, Artecola (a producer of specialty industrial and laminated adhesives from Rio Grande do Sul) faced problems related to local environmental legislation requirements. The acquired unit was already operating and Artecola underestimated the possibility that the plant was violating environmental protection regulations. And there were indeed pending matters, whose resolution





HANDOUT/SABO

2

required unforeseen efforts and investments. “We try to map out all the variables, but reality always has a surprise in store”, recalls Eduardo Kunst, executive president of Arteccla. Since it also owns plants in markets such as Argentina and Mexico, Arteccla delegates legal matters to lawyers from the countries where it operates. “The choice of groups [of legal services] with a presence in several markets doesn’t always pay

HANDOUT

1

GLOBAL RIGHTS

THE INTRICATE global web of different laws and legal structures isn’t deterring the growing interest of companies to expand into other markets. “However, they need to assemble their own legal structure to support the model adopted in another country and take all the necessary steps to protect their presence in that market”, recommends Thais Castelli – a lawyer from the Castelli & Castelli law firm. This applies for any business model adopted – whether the new operation is a

joint venture, a start-up company or hiring a representative or agent. In order to find the specialists who can help them better understand the legal specificities of a new market, companies need to resort to various sources. Wizard, for example, seeks suggestions from a Brazilian sector entity, the Brazilian Franchising Association (ABF), when it needs to retain lawyers in the countries it enters. “When the ABF doesn’t know anyone in a given country, it can recommend a similar entity there, where we can seek advice”, says Luisa.

Kunst, from Arteccla, highlights the possibility of following suggestions of the law firms with which the company already operates in Brazil, many of whom have international partners. “We also talk to Brazilian companies already operating in that market. We always select three options of law firms: then, a director goes there, speaks with them, and we take the decision”, he describes. According to Kunst, of all the countries where Arteccla is currently present, Argentina possibly has the most complex and inefficient (from a timeframe perspective) legal



1 Braulio de Carvalho, from Sabó: lawsuit against GM in the US	2 Sabó division in Germany: protected asset
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tries where they work and greater familiarity with the local culture. International law firms generally reproduce a standardized modus operandi in each country, notes Thais Castelli, a lawyer who is currently partner of the São Paulo law firm Castelli & Castelli, where she works with Paula Lippi. Having previously worked in the corporate areas of cosmetics company Natura and food company Sadia, Thais has accumulated a wealth of experience in selecting law firms in dozens of countries.

But a direct international presence in several countries is also an interesting option, says Neil Montgomery, a partner of the international division of the Felsberg e Associados law firm, from São Paulo: "This presence implies the existence, in these countries, of someone who speaks the same language of Brazilian businessmen", he argues – a point also highlighted by Paulo Frank Coelho da Rocha, partner and director of the Demarest e Almeida law firm. As well as being

part of groups of independent law firms, Felsberg also has its own law firms in the US, Germany and China.

Guatemala versus the US

The acquisition of assets in other countries is a possible source of future legal problems, involving ex-partners of the acquired company, consumers, public authorities, suppliers or clients. That's why signing such a contract is generally preceded by a process known as due diligence, in which the potential buyer assesses the company's potential liabilities in several legal areas (the process also includes the analysis of the company's financial statements by auditing firms). When it negotiates the purchase of an off-shore operation, Tigre uses a group formed by its corporate legal area, a law firm from the country where the negotiations are taking place and a Brazilian law firm with international experience, capable of also help-

off, since sometimes my operation isn't that important for the law firm of this group", explains Kunst.

This is a recurring discussion: who can provide the best legal assistance to a company planning to enter into a still unknown market? Large international groups, or local law firms? The response isn't always conclusive. The initial impression is that local lawyers have the advantage of a specific focus on the coun-

environment. Montgomery, from the Felsberg e Associados law firm, also recalls that the Argentinean legal system is frequently influenced by political questions, which have a very strong importance there. "A Latin-American country currently seen as a model in terms of its legal-business environment is Chile", he says.

In China and India, the legal systems are highly complex and bureaucratic; in India, certain aspects of the legislation (in the tax area, for example) may vary depending on

the region, says Luiz Sette, partner from the Azevedo Sette Advogados law firm. In France, he specifies, any contract must consider labor laws capable of preventing (or at least making extremely onerous) employees with a certain amount of time at a company from being fired. and, he continues, the Mexican legal system is extremely slow and inefficient, even when compared to Brazil. However, in the opinion of Sette, none of this is preventing the international flight plans of new Brazilian multinationals. "If a company has the

investment capacity and business potential in other markets, and its management team wants the company to expand abroad, legal matters are unlikely to pose problems to its internationalization process". In addition to specific preparation, this means the company should treat local legislation with the utmost respect. "In the international market, we compete with large global corporations, and this means there is absolutely no room for mistakes", concludes Braulio de Carvalho, from Sabó.

ing it to find a local law firm. “This group is crucial from the standpoint of preventive action, minimizing the possibility of problems further down the road”, highlights Lehmkuhl, head of Tigre’s legal division.

But even companies with a strong international presence and that take the utmost care in their business dealings may, at any given moment, need to resort to emergency solutions to resolve a legal matter abroad. An example is Gerdau, a Brazilian steelmaker with industrial facilities in 14 countries: in one of its transnational acquisitions, it faced difficulties getting the deal down on paper – despite being qualified to carry out due diligence, the local law firm involved in the operation lacked the necessary expertise to draft more complex contracts. “The matter was resolved by our corporate legal team”, recalls Expedito Luz, executive vice-president of legal and compliance at Gerdau. And once all the steps involved in the initial purchase operation have been resolved, with the new subsidiary already controlled by the Brazilian parent company, it’s time to face the peculiarities of each legal and business culture. In Latin America, says Luz, labor law generates a massive volume of lawsuits. “In the US and Spain, trade union matters are highly complex”, he adds.

And there may be strong differences in the degree of sophistication and complexity of the legal systems. In Guatemala, for example, there is still no law on franchises; for this reason, when it set up shop in the country, the language school chain Wizard elaborated detailed



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contracts to resolve the problem of a lack of national legislation. At the same time, developed countries with a history of political and administrative decentralization are usually complex places, due to the variety of local laws.

“Competing with large global companies, there’s no room to slip up

“In the US, some aspects of the legislation on franchises may vary from one state to another”, notes Luisa Siqueira, manager of Wizard’s international division. Also present in countries such as Ireland, Japan, England and Mexico, the first legal measure that Wizard adopts, whenever it enters a new market, is to protect its brand. Brand-related concerns intensified during Wizard’s recent entry into China, a market feared by many Brazilian businessmen due to the absence of stronger controls in



PICTURES: HANDOUT

1 Luisa Siqueira and Wizard division in China: protected brand

2 Kunst, from Artecola: unforeseen problems

3 Montgomery, from Felsberg: the importance of speaking the same language



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questions related to brand and intellectual property rights. “In China, we have more extensive contracts in the sections devoted to brand protection”, says Luisa.

“In-depth knowledge”

Protecting intellectual property rights in the Chinese market also required an extra effort on the part of Sabó. In order to better safeguard this asset, Sabó (in addition to elaborating more detailed contracts in the items related to intellectual property) preferred to set up shop in China without the support of a local partner (with whom it would have to share industrial secrets). And the multinational experience accumulated by Sabó was also useful in smoothing the path. The Chinese plant was structured as a subsidiary of the company’s German operation, as a way of leveraging (in Sabó’s favor) on the strong economic ties between Germany and

China: “Germany has much stronger ties with China...the Germans opened this market up to the auto parts industry”, explains Carvalho.

In another example of the fact that there is no magic formula to become a multinational, the local partner that Sabó chose to discard could, in other cases and in China itself, serve as a vehicle for opening doors and expediting the process of setting up companies. “In some sectors, this partner is even a requirement”, highlights Coelho da Rocha, from the Demarest e Almeida law firm. But if there is any mistrust in the legal system of the country where the would-be Brazilian multinational plans to set up shop, the contracts established with local partners may elect a third nation or entities dedicated to multinational arbitration (such as the International Chamber of Commerce) as a forum for resolving legal disputes (provided local legislation doesn’t obstruct a change of jurisdiction). One way or another, regardless of the business context and the legal environment, Coelho da Rocha believes that one rule always applies: a company looking to do business in other parts of the world should know the target foreign company inside out: “Every company has a past, a history and possible liabilities”. ■

Surgical expansion

In four years, Loktal, a medical product factory, has set up shop in 32 countries, from which it obtains 30% of its revenue

PEDRO MARCONDES DE MOURA

A business mission in the United Arab Emirates, meetings with distributors from South Korea, a meeting in the Dominican Republic. Three countries in 15 days. This has been the routine of Luciano Grillo since being hired four years ago to initiate the export operations of Loktal Medical Electronics. Founded in São Paulo 20 years ago, the factory specialized in electronic surgical equipment now sells to 32 countries, including the Latin American, European, Asian and African regions. The agenda of Grillo, who is responsible for tracking the company's international expansion, is proof that the strategy has paid off.

The company makes six products, but the recipe of Loktal is focused on selling just one of them: the high-frequency electronic scalpel Wavetronic 5000 Digital, which represents (according to Grillo) 99%

of business. Developed by the partners Uriel Binembaum and Paulo José de Almeida, the equipment originated the company and is used for small- and medium-scale surgeries requiring maximum precision. Since it can be used in several medical specialties, the scalpel has a broad market and is currently Loktal's golden egg. In the last four years, the company has gained global market share and is fighting tooth and nail with US and Chinese competitors for new clients.

Up until 2007, however, the international outlook of Loktal was very modest. With the support of Apex-Brasil (Brazilian Pro-Export and Investment Agency) and Abimo (Brazilian Medical, Dental, Hospital and Laboratory Equipment Industry Association), in 2007 the company par-

ticipated in the Fime international sector trade fair in Miami. It was the stepping stone to start exporting. "The product was immediately well received and we made contacts with Latin-American distributors", recalls Grillo.

Participation in a fair in Miami was the stepping stone to start exporting

In a keenly contested market, the cost-benefit tradeoff of the Wavetronic 5000 Digital was what led Angelo Rostirolla, director of Clínica, to become the exclusive distributor of Loktal in Venezuela. "The scalpel is conquering the market since its technology is similar to Ellman International [a US company and the world's main producer of high-frequency scalpels], which costs twice the price", says Rostirolla, highlighting that the competing product costs up to US\$11,000 (around R\$18,500) while Loktal's





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1 Loktal presents scalpel at international trade fair

2 Wavetronic, the high-frequency scalpel



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Wavetronic 5000 Digital costs US\$5,000 to US\$6,000. “Chinese scalpels are cheaper, but they are low quality and have several technical problems”, he explains. A third of Loktal’s scalpel exports go to Venezuela and Mexico.

Loktal also used trade fairs to present its product to the European market. Its presence at Medica (world’s largest event in the segment), held in Düsseldorf in 2008, led Loktal to start eyeing the European continent. Despite not having European certification at the time (obligatory for exporting to European countries), all the scalpels taken to the event were sold. Those who bought it liked it, and the new orders showed the need for certification – which was obtained after six months of red tape, at a cost of US\$60,000. In the following edition of the German trade fair, Loktal signed contracts with Spanish and Portuguese distributors.

Although traditional buyers are

also fans of the Brazilian product, emerging markets were responsible for boosting the company’s sales – Loktal currently focuses its expansion on commercial missions to countries such as Iran and Egypt, where it virtually operates alone. “There is no bad place to close deals. If the country’s health is precarious, the chances of signing contracts are greater”, analyzes Luciano Grillo. In Peru, for example, Loktal should shortly sign an agreement with the government to implement a scalpel in every public health unit. In Angola, the product should be used in the Women’s Health Program.

The strategy has led Loktal to derive 30% of its revenues from abroad. “Many companies from this segment still fear internationalization”, says Tarso Evangelista,

coordinator of commercial intelligence at Abimo. “That’s not the case with Loktal, whose differential is precisely its desire to discover new markets”, he rounds off. Due to its active positioning, in 2010 Loktal won the Apex award for small and mid-size companies in the “New Markets” category.

With a target to grow 15% this year, Loktal has an even more ambitious challenge: facing the main Chinese and US competitors on their own turf. It has already signed an agreement to sell

300 scalpels per year to China. In the US, it is seeking the permits needed to sell its scalpel. “We are already looking for a heavyweight distributor for the operation”, says Luciano Grillo. The current structure of 50 employees should soon become small. ■

With a growth target of 15%, factory is gearing up to face US competitors

1 Ugalde in action:
Environmental
of the century, says
Time magazine

2 Seed money
for local forests:
education, loans, and
“ecological” interest

Protector of the forests

After leading a revolution that transformed Costa Rica into an ecological sanctuary, environmentalist Alvaro Ugalde wants to export his green model to the world

ANDRESSA ROVANI

With 4 million inhabitants, Costa Rica, in Central America, is little known in Brazil. Too bad for us. In recent decades, Costa Rica has advanced at an astonishing pace. The country, which at the end of the 1940s distinguished itself by eliminating its Army, currently boasts a 95% literacy rate, houses an important center for microchip production, and is one of the world's major ecotourism destinations.

Unlike developing countries,

where the environment pays the price for fast growth, in Costa Rica, the forests have become allies of the economy. Currently, a quarter of the country's entire territory is under environmental protection. With the gradual increase in green space, ecotourism has gained strength - the country today is considered the “cradle of ecotourism”- attracting 2 million visitors in 2010. This is clearly re-

He crystallized the idea: trees are worth more standing than felled

flected in the country's financials. The influx of money from tourism represents 7.1% of the GDP (U.S. \$ 3.4 billion) and is growing at a rate of 12% per year.

This transformation, which began 40 years ago, has a name: Alvaro Ugalde. If today the Costa Rican economy has a green engine, credit is due to this 64-year-old biologist, who for 40 years has led a revolution in his country. He



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worked for 17 years as an employee of the national park system, where he pressured the government to protect its forests and crystallized in the minds of Costa Ricans, including peasants, the idea that trees are worth more standing than felled. Costa Rica today has 32 national parks, which account for an estimated 5% of the world's biodiversity. Thanks to these results, in 1999 he received the title of «Environmental Leader of the Century,” from U.S.-based Time magazine, among others.

Since 1999, the biologist has en-

deavored to protect water sources. He founded the Nectandra Institute, which lends interest-free money to qualifying rural communities that manage their own water systems. “It was necessary to accelerate programs to save what remained and to restore, as much as possible, the tropical forests,” Ugalde said in an interview with PIB.

Nectandra acts in areas of ecological interest as a non-profit. Its work started on the Balsa River, in the north of the country. “When we first started, we had no idea that rest of the communities were going

to be interested,” says the biologist. “After six loans, we have no doubts about its interest and usefulness.”

Instead of financial interest, the institute charges communities “green interest.” Each group repays the loan and pays “ecological interest” through activities such as reforestation of the local forest or by continuing environmental education. “We believe the model can be exported to other watershed lands of Costa Rica and even to other countries,” said Ugalde. Brazil should be the first to welcome him.■

TECHNOLOGY

Here comes “Google room view”

WOULD YOU LIKE to know exactly what that room you want at the Copacabana Palace is like before reserving? Soon this will be possible. The company Room 77 is launching a site for those who want to see how a room really is before making the reservation. Just like the site TripAdvisor, Room 77 will also use crowdsourcing, photos, and descriptions from guests. The system does not offer 100% credibility, but it does have, at the very least, photos as its best weapon. Users can also see the position of the room on the floor, which is great for those concerned about noise coming in from outside the room. <http://www.room77.com/index.html>

ALESSANDRO BATTISTESSA
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GASTRONOMY

The worst restaurant in the world

A.A. GILL, THE CELEBRATED and scathing Vanity Fair food critic, has a sense of humor and is elegant even when being cruel. In the latest edition of the magazine, Gill skewered an old Paris icon beloved by cosmopolitan Americans (Bill Clinton, Woody Allen ...), snobbish Brits, and Brazilians with expense accounts: L'Ami Louis, the venerable restaurant with no stars but plenty fame, which opened in 1924 on Rue du Vertbois, near the Marais. “Given its colonic décor, surly service, unbelievable food, and hefty bill, the restaurant is a true Gallic triumph,” Gill wrote sarcastically. He closed the review with the phrase that is also the title of this piece. The full text can be read at <http://www.vanityfair.com/culture/features/2011/04/lami-louis-201104>



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2



WINE

A lady sommelier

SOMMELIER AT THE Hotel Meurice, Estelle Touzet was elected by the Pudlowski Guide as the best sommelier in France in 2011. Not bad for a young woman of just 29 years, born and raised in the Loire River Valley region known for delicious whites like Muscadet, Sancerre, and Pouilly-Fumé. Estelle says she became interested in wine during history classes - and did some homework. She studied at the Albert de Mun hotel school and worked in restaurants of star chefs like Guy Savoy (Château de Cordeillan Bages) and Tom Aikens (London). She now presides over five assistant sommeliers, and a 30,000-bottle wine cellar at Paris' most aristocratic hotel.

1 Copacabana Palace, in Rio: soon, seeing is believing

2 L'Ami Louis: fine clients, indigestible review

3 Estelle Touzet: France's best sommelier at 29

4 Hotel Carl Gustav, St. Barth: option among 140

AIRPORT

Viva Viracopos!

WHENEVER THE ACRONYM GRU appears on an airline ticket, a passenger knows that he is guaranteed an extra headache- the absolute uncertainty about how long it takes to get to Guarulhos International Airport itself (known as GRU). On the TAM website, the company advises that the trip between Congonhas airport in the

city center and Guarulhos takes three hours. It may seem like too much, but the route's 30 kilometers are subject to nightmarish traffic jams every day, especially when it rains and during rush hour. Viracopos airport in Campinas, 90 kilometers from Sao Paulo, now offers a great option for those traveling to Europe. TAP has launched three weekly flights to Lisbon and connections, reintroducing the first

international flight at Viracopos since Guarulhos opened its doors in 1985. It may seem far away, but the lovely airport, which offers a serene, redesigned concourse compatible with the surrounding countryside, is served by two excellent highways, Anhanguera and Bandeirantes. Uruguayan airline Pluna has followed suit and introduced daily flights (except Sunday) to Montevideo. Hopefully, there is more to come.

HOTELS

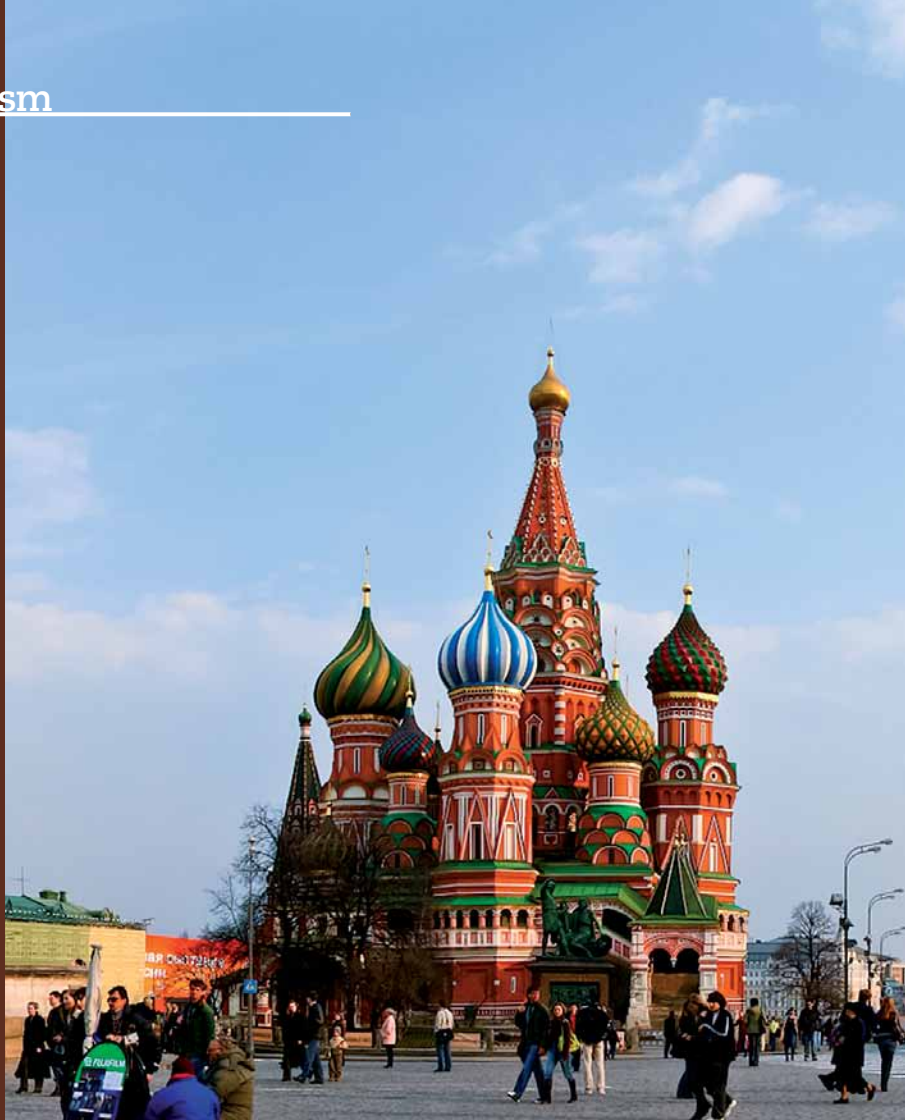
A good cost benefit

WHAT DOES THE historic Solar do Rosário in Ouro Preto, Brazil, the Hotel Carl Gustav, refuge for the platinum card set on the Caribbean island of St. Barth, and the Heritage Awali Golf & Spa Resort in Mauritius, in the middle of the Indian Ocean, all have in common? All are part of the Hotels & Preference Association, which brings together 140 establishments around the world with the rare combination of luxury and moderate pricing. The network is now represented in Brazil. www.hotel-preference.com or for reservations with a more personal touch, call Melina Amaro da Luz at (+55-41) 33361546.



Moscou, by Pablo Rossi

AT THE AGE OF JUST 21, Santa Catarina pianist Pablo Rossi is considered one of the leading exponents of Brazilian classical music. Having lived almost 5 years in Moscow, Pablo is studying at the world famous Tchaikovsky school of music where fellow (renowned) musician Arthur Moreira Lima, among others, also studied. With a population of 11 million, the city known for its year-long cold weather also has architectonic and cultural monuments that are part of the history of humanity. For those visiting Moscow, the city's multi-colored, eclectic architecture is instantly visible, and demands that you take a look around – even if just for a few hours. “It’s a city that can surprise in many senses, but it still cannot hide (from tourists) the remnants of its former communist times”, says Pablo – our guide around Russia’s capital city, with its monuments, avenues and restaurants steeped in history and charm.



If you have a few hours...

IT WOULD BE A crime to visit Russia, even if for just a few hours, and not explore the heart of Moscow: the **Red Square**. Despite the intense traffic in this hectic city, it is worth suffering a few hours to get there – home to most of Moscow’s main monuments. The scene of key events from the Soviet era, the Red Square has eclectic architecture, surrounded on one side by the walls of the Kremlin (home of the Russian government) and, on the other side, by the beautiful **GUM** building (one of the most luxurious shopping malls in the city) and the impressive domes of Saint Basil’s cathedral. After that, I recommend a trip over to **Kafe Bosco** to eat a blini (typical Russian pancake), washed down with a kvas (wheat-based beverage) or just a good old shot of vodka.

Near the Red Square, the imposing **Bolshoi Ballet** Theater truly takes your breath away. For ballet buffs, I recommend checking if you can still buy a ticket for the world’s most famous ballet show. After that, why not dine out at the Bolshoi restaurant, a “must visit” for those willing to pay for a good meal. For those wanting something more modern and trendy, check out “Do Do”, a restaurant just a few minutes away from the theater.



DAMIR YUSUPOV



1 Saint Basil's Cathedral and the Kremlin at the unmissable Red Square

2 Ballet dancers from the Bolshoi Ballet Theater

3 Faberge eggs: Kremlin icons



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ALEXANDER MAKAROV-DREAMSTIME.COM

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If you have the whole day...

RUSSIA'S ORTHODOX RELIGION SUFFERED for decades from the repression of the communist State, and many of its beautiful churches were ripped apart and demolished. The history of the **Christ the Savior Cathedral** is fascinating and definitely worth a visit. Built by Czar Nicolai I in the first half of the 19th century, Stalin ordered the giant monument to be demolished. It was only decades later, in capitalist times, that the Basilica was reconstructed using photos and documents from the Czar years. It is worth reminding tourists of the orthodox traditions: men must not wear anything on their heads (no hats or caps) while women should wrap veils around their heads. After visiting the basilica, stop off at **Baba Marta**, a restaurant that serves up Caucasian food. After lunch, take a stroll on the Gogolevski Boulevard. As you go up to Tverskaya (Moscow's main avenue), visit the museum/house of Gogol – considered the best Russian writer from the first half of the 19th century and forerunner of all the major Russian writers who came after him. A bit further on (down the same boulevard), and you arrive at the "Old Arbat" street. Built back in the 18th century, it was considered the heart of artistic Moscow in Moscow's so-called "golden age". Leading lights of Russian culture and history used to either frequent or live in the region, such as the writer Pushkin and the composers Tchaikovsky and Scriabin. Visit the house where Pushkin used to live. And for music lovers, the house of the pianist and composer Skriabin is an absolute must. To round off the day, I suggest dining out at **Kafe Pushkin**, an authentic classic in terms of Russian and European cuisine. And if you're looking to relive the aforementioned Golden Times, the **Turandot** restaurant (owned by the same people who run Kafé Pushkin) will take you down the memory lane of the 17th and 18th centuries, with its rococo-inspired ambience. The restaurant is a popular place with tourists, who go there to appreciate this bona-fide work of art that cost US\$75mn. As an entrée, try the "wasabi shrimp", an exotic Chinese dish.





1 Café Pushkin: to try Russian cuisine

2 On the menu, the salmon is a specialty

3 Cosmonaut Museum: historical rockets

4 in the gigantic VDNKh park

HONDOUT CAFE PUSHKIN

1 2

If you have the whole weekend...

THE KREMLIN, OFFICIAL HEADQUARTERS of the Russian government, merits an entire day's attention, since you'll be visiting one of the richest museums in Russia, the Armory Chamber, in addition to enjoying a long stroll through the vast Kremlin grounds, with its ancient churches. The museum offers the eyes a glimpse of the clothes used by the various generations of Czars and the famous Faberge eggs. After delving deep into Russian history, go and see one of the concerts in the "Bolshoi Room" of the **Tchaikovsky** School of Music. Next stop is a trip to one of the Café Mania restaurants, which is part of the music school and an opportunity to become better acquainted with Moscow's citizens.

If you still have a few hours to kill, it would also be a crime not to visit the **Tretyakova** gallery and learn more about Russian painters. From there, I recommend a trip over to the gigantic **VDNKh**, a park bigger than the principality of Monaco. With 400 buildings, the VDNKh is Russia's main expo

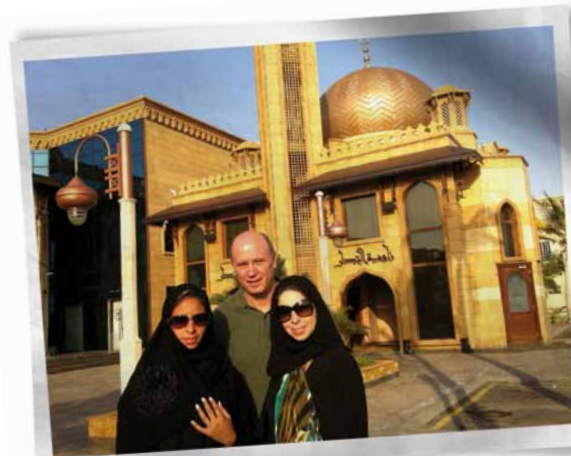
center, and home to the fascinating Cosmonauts Museum – don't forget to take a picture next to Strelka, a Soviet dog (and a heroine no less) sent to space by the communists back in 1960. The only problem is that everything in the museum is in Russian, but it's still worth checking out the prototypes of satellites and spaceships. Without abandoning the space universe, go for a drink at the Strelka restaurant, on the banks of the Moscow River.

For those seeking an alternative experience, the Novodevichy cemetery is the place – home to famous Russians of yesteryear, it also lies next to the **Novodevichy** convent (a World Heritage Treasure). A walk through its corridors will shed a bit more light on the history of the Orthodox Church. As an eating option, the **Mari Vana** restaurant (a personal favorite) lies in the heart of the Patriarchs district. Relax and try the borsch, a famous Russian soup made from beetroot. It's one of the coziest places in the city.



Under the laws of the koran

Respecting foreign customs is essential for running a company in Saudi Arabia, where religion dictates everything



PAULO STRIKER/PERSONAL COLLECTION

After two years in Saudi Arabia leading the operations of Sadia (now known as BRF Brasil Foods), I realized that Brazilians pay relatively little attention to meals and food. In Brazil, always green, people in general don't even realize the abundance and variety of products that leave the countryside to supply the cities. Here, in a country that is almost completely engulfed by the desert, food and meals have a radically different importance. Food is an asset in itself, a product with major value. For Saudis, the very act of eating, so trivial to us, represents a moment of huge importance, from both a family and social aspect.

As is common knowledge, the prevailing doctrine in Saudi Arabia is a strongly conservative branch of the Islamic religion, which frowns heavily upon Western forms of entertainment such as cinema and theater. Food takes their place. Families are very large, incorporating cousins, nephews/nieces, uncles and grandparents. Women in general don't work and spend hours in the kitchen. On Fridays (the day of rest for Muslims), when the temperature is pleasant as it is now, when the winter takes the edge off the oppressive heat, any place with a bit of green area (such as plazas and highway median strips) fills up with families eating picnics.

Saudi Arabia is a major consumer of chicken, and their typical meal really is rice and chicken. They usually use their hands to eat chicken, removing it from a large plate. In the two years I have been here, I have only eaten a

few times at the homes of Saudis – but that was enough to realize just how abundant food is. Invitations, in general, are only for business events with other men. A situation in which you go out to meet a Saudi in a place with their wives is very, very rare.

Since chicken is the preferred protein, Sadia is a very strong brand in Saudi Arabia. So much so that the word Sadia was incorporated into the national vocabulary and has become synonymous with chicken. What is interesting is that the word is confused with Saudi, the name of the country, creating a special bond between the company and the country.

But it isn't just the food that makes life here special. The fact that the country is a religious monarchy makes it a very different place to what we Westerners are used to. Everything revolves around religion. The logic of business and relationships is also based on it. For example, when you are negotiating something, such as hiring a service, the legislation is entirely based on the Koran.

You have to be flexible. Upon moving to Saudi Arabia, I had to take many different customs on board. And not just me. We live in a condominium for expats. The condo offers the liberties we are used to in the Western world. But upon leaving home, my wife must wear an abaya – it is not a burka, but instead a long, black cloak. She is not allowed to drive. There are no alcoholic beverages. Beyond merely the desired professional growth, being exposed to a completely different culture makes us reconsider some of our concepts and gives us a broader view of the world. I feel a strong sense of accomplishment for being able to lead such a complicated process. In terms of living in such a different country, well it has its advantages and disadvantages. I call them differences. ■

*Paulo Striker, 56, is director of BRF's operations in Saudi Arabia



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