

PIB

BRAZILIAN COMPANIES GO INTERNATIONAL



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**EXPRESS
TOURISM**
THE CHARM OF PUNTA DEL ESTE



From apprentice to teacher

Brazil becomes an international cooperation player, transferring successful experiences in agriculture, health and training to poor countries

EMERGING CLIENTS

Global banks put Brazil at the center of their world strategies

WORK ABROAD

Footwear specialists and pilots from Rio Grande do Sul set up Brazilian colonies in China

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Daniela Barone is teaching British NGOs to be more efficient

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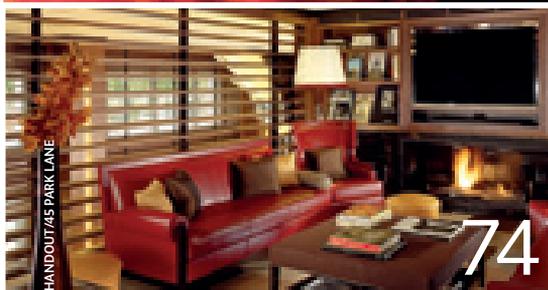


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Brazil mobilizes its successful technologies and experiences and becomes a donor of cooperation for the development of poorer countries

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LAZARO ELI

Shining the spotlight on the good

A country can leave its mark on the world in many different ways. PIB has focused on many of these: trade, multinational companies, consumer brands, science and technology. In this edition, however, we put the spotlight on a facet of Brazil's international presence that has been flying under the local radar screen: namely, the multiple international cooperation and development activities implemented by Brazilian government agencies and private-sector entities in the last decade.

The capacity to share knowledge and technologies with nations still lacking the means to resolve their numerous problems is another form of internationalization, and one which Brazil is increasingly (and ever more skillfully) embracing. The reporter Cecília Pires spoke to Brazilian researchers at remote agricultural experimental stations in Africa, who are passing on Embrapa's experience in cerrados (Brazilian savanna) and cotton growing techniques; medics helping to disseminate the knowledge of programs developed in Brazil to combat Aids and promote breast feeding; Senai leaders working to set up an international grid of technological training centers; all this to show how Brazil has gone from a country receiving this type of aid and international cooperation to a donor country.

Elsewhere, in China, the reporter Janaína Silveira traveled to Dongguan and Shenzhen to meet up with and hear the stories of footwear specialists and airplane pilots who have created bona-fide colonies of expatriate Brazilian workers. And Suzana Camargo reveals the plans of large international banks, such as Switzerland's UBS and France's BNP Paribas, which are expanding their operations in the country. While the rich nations are struggling to escape the crisis, the Brazilian economy is growing and internationalizing; and the banks Suzana spoke to don't want to miss the Brazilian boat.

Finally, a magazine dedicated to internationalization is read by an audience used to flying around the world. So, to satisfy the curiosity of these readers for everything related to hotels, bullet trains, airports and the nomadic lifestyle of global travelers, starting in this edition the Executive Travel column will now have four pages (i.e. two pages more). Our readers can enjoy a double dose of travel tips and texts by PIB collaborator Marco Antônio Rezende, excellent as always. Thus, the Globe-Trotter section, the final magazine article which also features the Express Tourism and In Transit columns, now has nine pages.

Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL
Nely Caixeta



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INTERNATIONAL

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INTERNATIONAL BUSINESS AND ECONOMICS

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Dear editors,

Congratulations on the magazine. **PIB** gets more fascinating and innovative with each edition. In the last one, I really liked the article on exports, which shows the Brazilian production of specialty coffees. Important aspects were highlighted, such as the sustainable process that led Brazilian companies to obtain a competitive differential in the international market. This is an example to be followed by other Brazilian companies, which should bear in mind that, in today's world, sustainable and ecological processes expand global business, as well as benefiting the people/companies directly related to the business. Sustainability, today, is a win-win situation. Surveys show that sustainable processes can increase the value of the brand and of the company by up to 4%. Brazil is currently the largest producer of green coffee, but it could become the largest certified exporter in the world. All it needs is a bit of business willpower!

ANA LUCIA FUGULIN

**MEDIA PROFESSOR AT ESCOLA SUPERIOR DE PROPAGANDA E MARKETING (ESPM)
SÃO PAULO**

I couldn't be happier with the success of **PIB**. With each edition, I can clearly see an agenda based on journalism in its purest sense and the interests of a Brazil that wants to grow.

PAULO ROBERTO THOMAZELLI DAMIÃO
**INSTITUTIONAL RELATIONS OFFICER (IRO) AT SANTO ANTÔNIO ENERGIA
SÃO PAULO**



Congratulations on the information related to investments in Brazilian sciences in the 13th edition of **PIB**. I also appreciate the magazine for its strong ongoing contribution to Brazil's consolidation as a major food exporter. Congratulations on the quality of the editorial work.

CHRISTIANE CONGRO COMAS
DOURADOS (MATO GROSSO)

Congratulations to the **PIB** team for their editorial excellence. The last edition was a joy to read. May the magazine enjoy a long and successful life!

LAILA NASSER
SÃO PAULO



**For global investors who want to do
business with Brazil. Or for Brazilian investors
who want to do business globally.**

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Brasil Foods goes shopping in Argentina

After posting extraordinary net profit in the first half of 2011 (R\$881mn, 279% higher than in 2010) and receiving the green light from CADE (anti-trust authority) for the Perdigão-Sadia merger that led to its creation, BRF Brasil Foods is now looking to boost its presence in the Mercosul region. The Brazilian company announced the acquisition of 2/3 of the shares of the Argentine poultry producer Avex and, in partnership with the new partners, of Flora Dánica, a producer of sauces, margarines and bakery products. The acquisition is part of the internationalization strategy of the company, which in August had already announced that it will open (at the start of 2012) a plant in the Arab Emirates. The acquisitions in Argentina represent an investment of around US\$150mn and give BRF a foothold in the market of Brazil's largest competitor in the food market (especially in meats). To approve the merger of Sadia with Perdigão, CADE determined a series of restrictions, including the sale of units and the temporary suspension of brands, with the aim of avoiding excessive concentration of the Brazilian market in the hands of a single group. These sale operations, in fact, were partly responsible for the strong profit obtained by the company in the second quarter of 2011. BRF cannot make any more acquisitions in Brazil, as a result of the agreement signed with CADE. To grow here, it will have to expand the plants that it already has. So, nothing more logical than to shift its appetite abroad. According to the communiqué released to the market, Grupo Danica, based in Buenos Aires and with 689 employees, is leader in the production of margarines in Argentina. In 2011, it posted revenue of US\$122.7mn, with sales of 68,300 tonnes. Avex employs 494 workers and is the sixth largest Argentine chicken producer,



with 4% market share. Based in the city of Rio Cuarto, in the province of Córdoba, it produces whole chickens, cuts, cold cuts and frozen meats, sold mainly in the domestic market (70%). In 2010, it posted revenue of US\$66.8mn, with sales of 41,500 tonnes. Up to this point, BRF operated in the Argentine market via a unit of Sadia, whose activities will be incorporated into those of the acquired companies. Command of the operations will be exercised by the local managers. BRF is one of the largest producers and exporters of meat products in the world, employs 116,000 direct workers, and processes 6.7mn tonnes of poultry, 37,000 tonnes of pork and 2,000 tonnes of beef a day. With sales to 140 countries and plants in Brazil, Argentina, Holland and the UK, the company is Brazil's third largest exporter.



HANDOUT
1

1 BRF-Brasil Foods
meatpacker:
hungry to
grow more

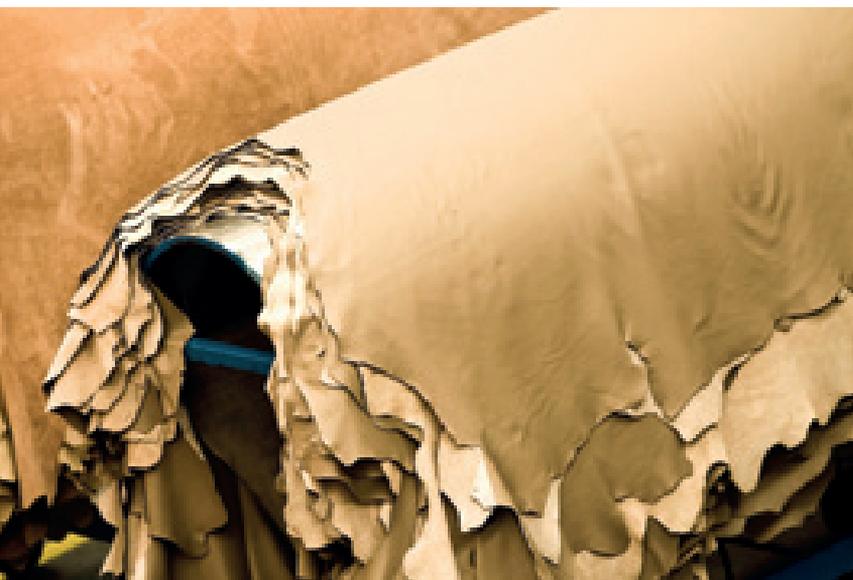
2 Brazilian leather:
award-winning
quality and
booming exports

The most competitive

Brazil climbed five positions and now ranks 53rd in the ranking of the Global Competitiveness Report for 2011-2012 divulged by the Global Economic Forum.

- 1 Switzerland
- 2 Singapore
- 3 Sweden
- 4 Finland
- 5 US
- 6 Germany
- 7 Norway
- 8 Denmark
- 9 Japan
- 10 UK*

*Source: World Economic Forum



HANDOUT
2

Award-winning leather

The August performance of Brazilian leather and hide exports (US\$191.2mn, 29% more than in July) enthused the sector, which is chasing a target of exporting US\$2bn this year. The president of the Center of Tannery Industries of Brazil (CICB), Wolfgang Goerlich, highlights the effort of Brazilian businessmen who broke a new record of participation at the Shanghai trade fair – where the Brazilian tannery Coming Indústria e Comércio de Couros was elected Tannery of the Year. In November, the sector will hold the first Global Leather Congress in Rio de Janeiro.



Iochpe buys traditional US company

Brazilian companies' pursuit of greater global integration was boosted by Iochpe-Maxion's recent acquisition of Hayes Lemmerz International, a traditional US wheels and auto parts company, founded in 1908 – practically at the same time as Ford. "In internationalization moves, acquisitions are oftentimes nothing more than a bet", says Reynaldo Passanezi, vice-president of the Brazilian Society of Studies into Transnational Companies and Economic Globalization (Sobeet). "But in this case, the move makes complete sense since it doesn't just add new markets for Iochpe, but also technology." This, in his view, will have major internal repercussions. "Brazil has an aged vehicle fleet and strong innovation efforts are already being made", he says. The company's shares soared 14.7% on the BM&FBovespa the day after the announcement of the deal, which was finalized on 5 October – the deal is worth US\$725mn (including Hayes' US\$23mn debt). Hayes underwent a restructuring process in 2009, when it had a debt of US\$720mn. It has plants in 13 countries, including Brazil, and is present in the main vehicle sector production regions. According to the communiqué released by Iochpe, the acquisition will enable it to

increase integration channels with vehicle assemblers and ensure that its production better suits clients' needs. The Brazilian company dates back to 1918, when it started out in the Rio Grande do Sul state lumber sector. But in the 1990s, it entered the auto parts business and, thereafter, its core business became auto parts and the railroad segment. In 2009, now called Iochpe-Maxion S.A., it acquired the wheels business of ArvinMeritor in Brazil, Mexico and the US, which acquired the name of Divisão Fumagalli. The deal with Hayes still depends on approval by regulators in all the countries where the group does business. In Brazil, there is a risk of CADE

- HAYES LEMMERZ INTERNATIONAL
- FUMAGALLI

XXXXXXXXXX

Honey for the world

In the last two months, apiculturists from Santa Catarina have exported 39 tonnes of wild honey to the US and Germany. It is the first result of a partnership between the Cooperative of Santa Catarina Apiculturists (Coopasc) with Sebrae. The project will promote internationalization of apiculture via participation in trade fairs and international missions, as well as other initiatives. The initial target is 30% growth in exports. Santa Catarina state is the only one in Brazil to produce melato honey (highly valued abroad), produced from the sap of the bracatinga tree. The project will last for three years and will benefit 116 cooperative members, which have 40,000 beehives and produce a 1,000 tonnes of honey per year.



HANDOUT/SEBRAE SC
1



Main global plants of Hayes Lemmerz (US) and the Brazilian company Fumagalli, an Iochpe subsidiary

(anti-trust authority) creating problems, since Hayes' Brazilian subsidiary, Borlem S.A., acquired by Hayes in 1998, says on its website that it has 45% of the national wheels market. Before the deal is approved, the companies will have to operate independently from another.

- 1 Wild honey produced in Santa Catarina: special value
- 2 1001 Retalhos handbag: exclusivity conquers Japanese
- 3 The Embraer 190: 90 jets for China since 2000

Beyond the FX rate

The appreciation of the Real has eliminated 12 of the 13 markets to which Ana Paula Felipe (owner of the 1001 Retalhos brand – from Atibaia, interior of São Paulo) exported her handbags. The only remaining country was Japan, a market that, flooded with fake products, was seduced by her creations. The conquering of this niche was due to the combination of exclusivity, ecological appeal and Brazilian design. With or without a favorable FX rate, she exports 15% of the 600 handbags produced per month to Japan, at an average cost of R\$400.00.



2

With the colors of China

In September, Embraer celebrated the delivery of the 800th plane of the E-Jet family (70-120 seats). It was an Embraer 190, which will fly with the colors of China Southern Airlines. Embraer itself estimates that the Chinese market will receive 975 regional jets over the next 20 years (around 13% of global demand). In the first half of the year, two Chinese airlines (China Southern Airlines and Hebei Airlines) purchased Embraer E-Jets.



3

Ice test for ethanol

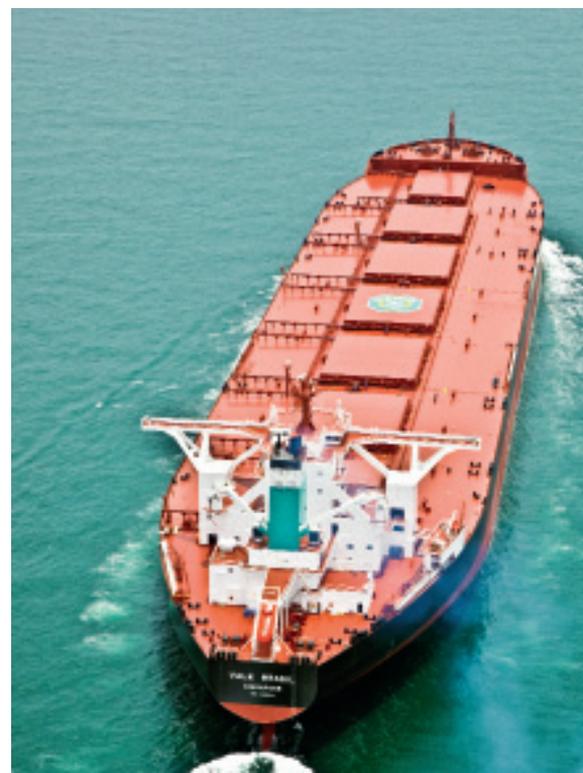
Over the next 12 months, Brazilian ethanol will attract a lot of attention. A partnership between the Brazilian Marine, Petrobras and Vale Soluções em Energia (VSE) will use ethanol-powered energy generators to feed the Captain Ferraz Antarctic Station, Brazil's research base in the South Pole. Developed by VSE, this type of technology is used by Petrobras to run the Juiz de Fora thermal energy plant, previously gas-powered. In addition to showing the versatility of ethanol, the tests will carry out a low-temperature performance analysis of clean energy generation technology, 100% national and not seen anywhere else in the world. In the medium term, Petrobras management expects the new application to open up key markets for Brazilian hydrous ethanol, and mentions China as an example. The initiative, which is costing the above partners R\$2.5mn, gives greater visibility to Brazil's efforts to transform ethanol into an international commodity. The government has looked to increase

both the production of ethanol and to transfer the technology to other tropical countries with available land for sugarcane planting, and with the potential to become ethanol exporters. The objective is to consolidate Brazil's leadership in a market that should grow 150% by 2020, according to studies by Unica (Association of Brazilian Sugarcane Producers). Brazil is the largest global sugarcane producer, but has suffered a decline in its exports. This year, up to August, it has exported 1.089 billion liters of ethanol, 4.6% less than in 2010 – a year that was already 42.4% lower than in 2009. In addition to the crisis, the reason for the decline in ethanol purchases could be the reluctance (especially by European countries) to adhere to the technology, according to Unica chairman Marcos Jank. The largest consumer of Brazilian ethanol is the US, which imported 313 million liters in 2010, followed by Japan, Jamaica, Nigeria, South Korea, the Benelux

countries, Costa Rica, El Salvador and Mexico. The use of sugarcane to power large engines could be a way of overcoming the resistance and increasing the consumption of Brazilian ethanol. In the 2010/2011 harvest, Brazilian mills produced 27.8 billion liters of ethanol (8 billion liters of anhydrous ethanol and 19.6 billion liters of hydrous ethanol), 7% more than in the previous harvest. The tests in Antarctica will consume 350k liters of additive-free hydrous ethanol to generate 250 kilowatts in engines developed by VSE. The Station has a built-up area of 2,600m², where 13 research laboratories operate, several service support facilities and accommodations for 58 people, and items such as Internet access and landline and cell phones. The first ship carrying equipment and ethanol tanks left at the start of October aboard the Ary Rongel Ocean Support Ship, owned by the Brazilian Marine. The tests start in the second half of November.

Vale's Eastern gateway

Vale has just positioned its mines closer to Asia, its largest market, by inaugurating its iron ore distribution center in Teluk Rubiah, in the state of Perak, in Malaysia. The investment is US\$1.4bn, and the construction process will last three years. When ready, the center could be an alternative to the frustrated experience of using very large ore carriers to transport iron ore, part of the group's strategy to create a more efficient and sustainable logistics. In the first trip, in June, Vale Brasil, which transported 400,000 tonnes of iron ore to the Chinese port of Dalian, was blocked and banned from unloading. It ended up diverting its route to the Italian port of Taranto. Teluk Rubiah is one of the few locations with the necessary geophysical characteristics to receive the VLOCs, the largest ships in the world. From there, the iron ore will be distributed to Vale clients in countries from the Asia-Pacific rim, such as Japan, Australia and Malaysia itself.





HANDOUT

1

HANDOUT/AGÊNCIA PETROBRAS

1

2

Stefanini creates center in Romania

Not that long ago, Brazilian IT companies were dependent on the market reserve imposed by the government. Today, they are creating their own mark in the international market, where they compete with American and European players. The biggest of these companies, Stefanini IT Solutions, derives 36% of its R\$1bn revenue from the 28 countries where it operates. Recently, Stefanini established a new nearshore services center for Europe in Romania, via the acquisition of Akela Software. The choice of Romania is explained by the quality of the Eastern European country's engineers and its capacity to combine technical and language skills. The move by Stefanini follows that of other Brazilian companies, who are again channeling their investments abroad. According to Central Bank data, direct Brazilian investment abroad, which had been in decline since the outbreak of the crisis in 2008, has rebounded to US\$11bn in 2010 – the third highest level since 1994.

1 Brazil station in the Antarctic and ethanol carrier: energy and Internet driven by ethanol

2 Vale ship: advanced post in Malaysia will facilitate exports

HANDOUT

The World Cup sells Brazil

Are mega sporting events, such as the World Cup and the Olympics, positive in terms of the economic health of the countries and cities holding the events? Opinions differ – some applaud the positive effects of investments and the boost provided to tourism, while some economists are left aghast at the spending and debt incurred in preparing the events. Itaú Unibanco, sponsor of the Brazilian soccer team and one of the institutions supporting the 2014 World Cup, is in the first group: a study presented by Ilan Goldfajn, the bank's chief-economist, reveals an unexpected consequence, beyond the expected increases in GDP, consumption and employment: those hosting the Olympics and World Cup also export more. And we're not talking about small numbers: the gain is up to 30% of the host-country's exports.

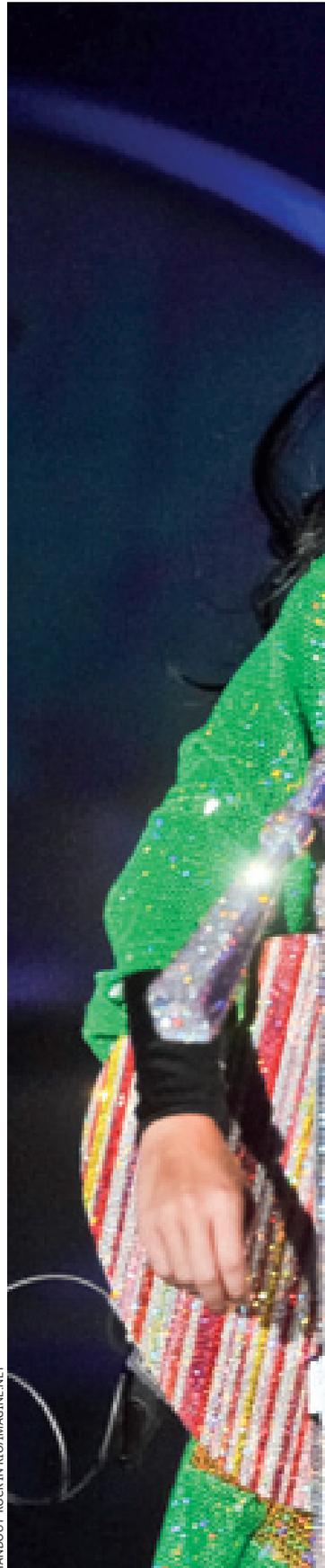
The Itaú document cites research by the US economists Andrew Rose and Mark Spiegel, from the National Bureau of Economic Research (The Olympic Effect, NBER 2009). In the opinion of Rose and Spiegel, in running to be the host of a major sporting event, a country sends to the world a sign that it is willing to open its doors to global trade, which will result in export growth in the future. It is such a clear sign that the country doesn't even need to win in order to benefit, adds Caio Megale, economist of Itaú Unibanco who participated in the Brazilian study: "Countries that put their name in the hat to hold a major sporting event, but weren't chosen as the host countries, also benefit to a certain extent", he says. "The effect accelerates the trade opening process". Thus, Ronaldinho Gaúcho isn't just a dribbling wizard: he is a key economic asset in Brazil's internationalization. (Armando Mendes)

1



HANDOUT/CBF

HANDOUT ROCK IN RIO/IMAGINE.NET





1 Ronaldinho on the pitch: boosting exports

2 Katy Perry at Rock in Rio: Brazilian colors dictate fashion...

3 ...and the Brasilis color board, a guide for industry

Brazilian colors inspire industry

The green and yellow covers much more than Katy Perry, the American singer who performed at Rock in Rio with the Brazilian flag stamped on her dress. "In addition to music and art, Brazilian culture and wildlife are the main inspiration of the color boards of several industry sectors around the world", says the colorist Elizabeth Way, coordinator of the Brazilian Committee of Colors (CBC), which is launching color boards in partnership with the Center of Color Studies for Latin America. Brazil's colors have served as an inspiration for producers of coatings, inks, decorative objects, cars and fabrics all over the world. "These colors have been on the boards since 2010 and will remain there until 2015", says Elizabeth. The 38 colors featured on the CBC's 2011 color board, chosen based on global research, are called Brasilis and are used to guide the production, in Brazil, of companies such as Eucatex, Formica and Tok Stok.



Blue Tree Hotels and Resorts



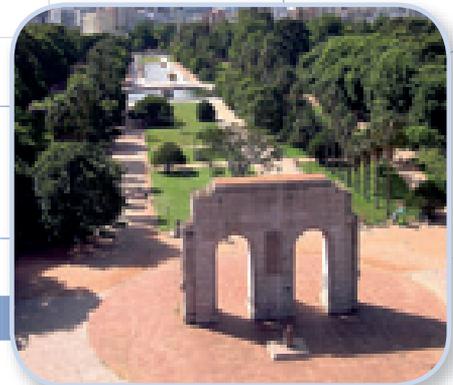
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MANAUS



PORTO ALEGRE



RECIFE



CAXIAS DO SUL



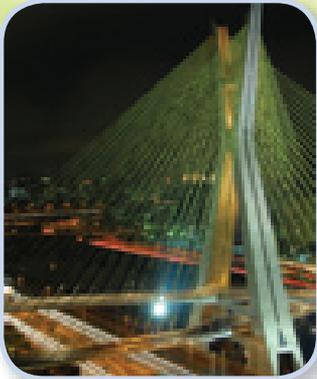
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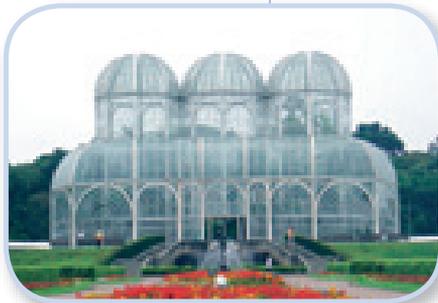
Here you are special... every way



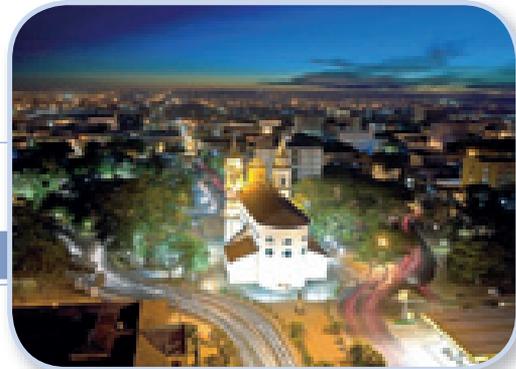
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BELO HORIZONTE



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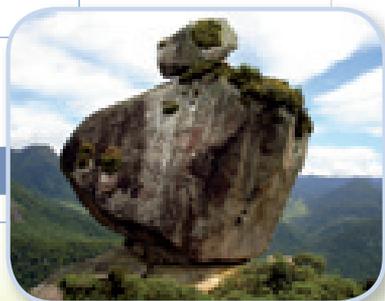
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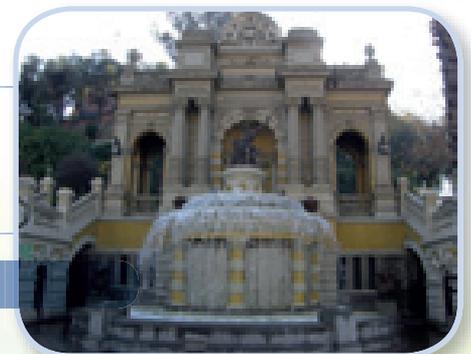
JOINVILLE



GOIÂNIA



MACAÉ



SANTIAGO - CHILE

A portrait of José Ramón Pin Arboledas, an older man with white hair and glasses, wearing a dark blue suit, white shirt, and a blue patterned tie. He is smiling slightly and looking towards the camera. The background is a blurred office or library setting with bookshelves.

3 questions for... ...José Ramón Pin Arboledas (IESE Business School)

José Ramón Pin Arboledas is a professor at the Department of People Management and Business Ethics of Barcelona's IESE Business School – one of the leading business schools in Europe. He has studied Brazil (and has visited the country on several occasions) for the last 20 years. In his last trip to São Paulo, in September, he presented new programs of the São Paulo ISE – the Brazilian business school associated with IESE. One of the new courses is an Executive MBA, whose first class starts in 2012. In an interview to PIB, he discussed one of the most sensitive issues in terms of companies' public image – the accusations of corruption in their relations with all spheres of government (municipal/state/federal).

1. The recent accusations of corruption in Brazil showed more than the businessmen that benefit from illegal practices. Is this also the case in Spain and Europe? Corruption involves two agents, the corruptor and the corrupt. In many cases, we are talking about bribes (when the corruptor offers) and extortions (when the corrupt demands). But each one has different responsibilities. The politician and the public administrator are there to defend the interests of everyone, and thus are more responsible. However, in recent cases of corruption in Spain both businessmen and politicians were convicted. What happens is that the media repercussion is much greater in the case of politicians. But both groups were jailed. And the same happens in other European countries.

Time to move forward

The global crisis doesn't seem to be affecting the mood of the Brazilian pharmaceutical industry. Sector exports in 2010 totaled US\$1.7bn, 22% higher than in 2009, and twice the 2007 amount. This year (January-June), exports stand at US\$990mn. The crisis only becomes a factor when it comes to choosing the countries where the sector plans to concentrate its internationalization efforts: the preference is being given to countries far removed from the eye of the storm that is affecting developed economies. An Integrated Sector Project – a partnership between the sector and the Brazilian Pro-Export and Investment Agency (Apex-Brasil) – was launched in September to bolster the global presence of Brazilian medical drugs. The program foresees investment of over R\$3mn by the end of 2012 in participation in trade fairs, business rounds and commercial intelligence studies in Latin America (Mexico, Venezuela, Colombia and Argentina), as well as Russia, Germany, South Africa, Saudi Arabia and Angola.



HANDOUT

2

Open market against black-out

If there aren't enough Brazilian engineers to meet the demand created by a thriving domestic economy, then why not hire engineers from the other side of the world? India, the cradle of IT industries, could be a solution. The proposal, presented at a debate organized at the São Paulo Getulio Vargas Foundation by the Federal Board of Engineering, Architecture and Agronomy (Confea), was made by André Fossa, Brazilian CEO of the Indian company TCS. "Instead of creating obstacles (to hiring foreign labor), Brazil could think about intelligent interchanges", he said. Confea is studying with the government a form of reducing the current barriers. It recently initiated (with the support of the Brazilian Trade Ministry and the government statistics institute) a census to discover how many foreigners with a university degree are working in Brazil, and in what conditions.

1 Medical drugs: heading abroad, but steering clear of crisis-ridden countries

2 Pin Arboledas, from IESE: you learn how to prevent corruption in school

2. How does the IESE handle, in its curricula, the question of corruption in companies and the ethical guidelines they should observe in their relations with government?

All IESE courses feature a section on ethics, dealing with the question of corruption, which doesn't just refer to relations with the public administration – it also exists in relations between private-sector companies. We discuss how to prevent corruption; how to choose, to operate, sectors and countries with a low level of corruption; how to establish internal rules of behavior to avoid dangerous, compromising situations, and which decision-making mechanisms can be established to deal with people who have committed corrupt acts.

3. Do you believe it is possible to implement internal mechanisms at organizations, capable of discouraging executives and companies from corrupting and being corrupted? Could you give some examples?

There are indeed internal mechanisms to help in avoiding corruption. The most well-known are the codes of ethics and behavior. They help people from the organization to become aware of the risks they run, how to prevent them and the actions to be taken when faced with dilemmas. Organizations also offer courses and seminars, recruitment of reputable individuals, hotlines for people to (anonymously) report illegal acts. However, the most important is the example given by senior management, by leaders, of how to act in the face of ethical dilemmas.



HANDOUT

In the spotlight

The prodigal fashion designer Pedro Lourenço, who in Brazil has lent his name to the male clothing collection of the Riachuelo chain store, continues to gain visibility in the world's most competitive fashion market. At the age of just 21, he has the power to organize an independent fashion show in Paris, outside the official calendar, and receive an audience of influential opinion formers. His 2012 summer collection, launched on 28 September, was seen by critics of Vogue, W, New York Times, Style.com and Vogue Italia, among others. Months earlier, Pedro was able to get pop music diva Lady Gaga to promote his designs. She used a Pedro Lourenço dress (in black and white with a large décolleté, from his 2011 winter collection) to launch her "Born this way" album, also in Paris.



HANDOUT

Three times bigger

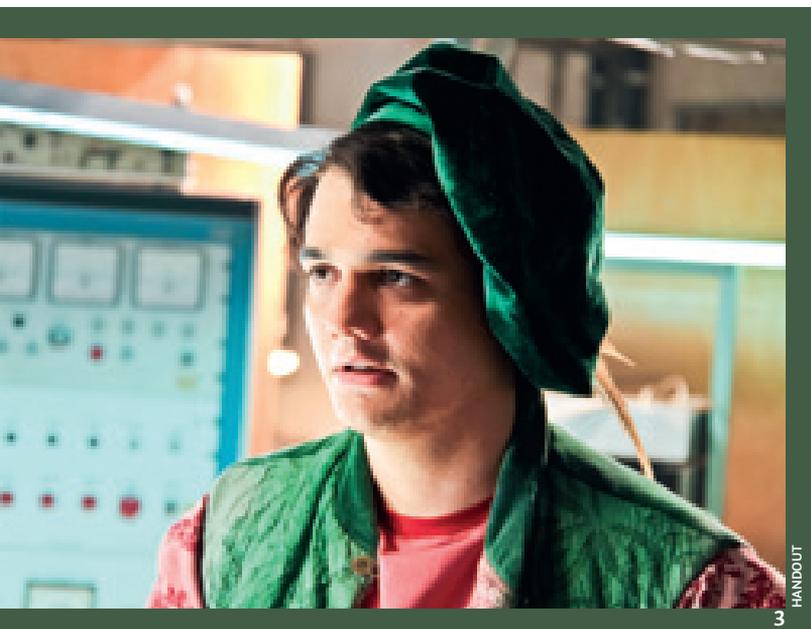
With a viewing of *O Homem do Futuro* (i.e. the Man of the Future), by Cláudio Torres, with Wagner Moura in the main role, the third edition of the Brazilian Cinema Festival in London got underway at the HQ of BAFTA, the British movie academy. The audience this time around was 3 times greater than at the opening edition.



It's not all luxury

The characters in a large beach clutter, captured on lens by the photographer Julio Bittencourt at the Mega Ramos Swimming Pool, in Rio, are an attraction at the 1500 Gallery, in New York, specialized in Brazilian photography. The Ramos exposition is formed by five photos, a panel of various images and a video in stop-motion. It attracted attention in the LightBox section of Time magazine and will remain on display until 28 January 2012.

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Quick news

■ Brazilian democracy is the theme of a conference organized by King's College London and the Justice Department on 28 October, at the College campus in London.

■ Brazilian designers present clothing items for daily life at Gallery @, The Civic cultural center in Barnsley (England), until 20 November.

■ At the invitation of the Royal Institute of British Architects (Riba), the São Paulo architecture firms MMBB and Ark!z show Brits the chaotic growth of São Paulo, on 18 October.

■ South Africa's Transport Minister Joel Sibusiso Ndebele and a delegation of businessmen were in Brazil to swap experiences on the organization of the 2014 World Cup.

■ Brazil is the theme of the 23rd edition of Europalia, a festival that lasts until 15 January 2012 in Brussels. Zé Celso and Teatro Oficina, Tom Zé and Velha Guarda da Portela will be there.

1 Lourenço fashion show in Paris: influential audience and helping hand from Lady Gaga

2 Ramos mega swimming pool: daily Rio life in New York

3 Wagner Moura in The Man from the Future: wowing the Brits

A View from Capitol Hill

News from the US with a Brazilian slant

FLÁVIA CARBONARI

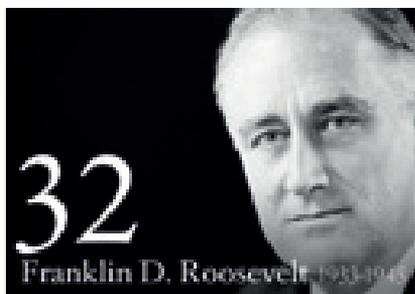


A future made in China?

In the current global crisis scenario, the robust growth and relative immunity of Latin American countries has largely reflected the continued expansion of the Chinese economy. If, in the short term, this process has favored the region, analysts are already starting to discuss the perils of a growing dependence on the Asian giant without a corresponding increase in production in Latin American economies. There is a fear that this could lead Latin American countries down the path of “the commodities curse”. In a report published in September, a group of economists from the World Bank raised the question in the title of the report itself: “Latin America’s long-term growth – Made in China?”. Comparing China’s current presence in the region with what happened to Japan and East Asian economies between the 1970s and 1990s, the study signals one fundamental difference: in the first case we aren’t seeing signs of spillover of knowledge and diffusion of technology as occurred in the past with the neighboring countries of Japan. “Latin

American countries need to find a way of capturing the aggregate value of the exchanges (with China) and of absorbing knowledge and technology”, assesses Eric Farnsworth, from the Council of Americas. “Otherwise, China will continue buying commodities and re-exporting higher value-added products.” In 2009, China became the number one trade partner of countries such as Brazil, Chile and Peru, and is responsible for 10-20% of the total trade flows of each of these countries. In Brazil alone, the Chinese market absorbed over 15% of exports in 2010 (of which 84% were sales of primary products). “The main question now is to discover how Latin America can transform these relations into an important (but not unique) source of growth”, stresses the World Bank report. In the view of Farnsworth, this diversification is fundamental given the negative consequences such as environmental degradation, disrespecting human rights and corruption – which could all result from strengthening of trade relations with China.

Buy American, buy Brazil



HANDOUT

The global economic crisis triggered in 2008 has brought a flood of protectionist measures around the world, leading many analysts to term the current moment as “de-global-

ization”. But the Brazilian government’s new industrial policy (announced in August), called the “Brazil Plan – Onwards and Upwards”, criticized by several groups in the US, is very similar to the Buy American Act. This law, decreed by Franklin Roosevelt in 1933, during the Great Depression, prioritizes materials of US companies in government purchases in accordance with some criteria, and has functioned ever since as the base of US industrial development policy. In 2009, Barack Obama tried to reinforce and expand the law, as part of the response to the economic crisis in the US.

Identity crisis

The importance of Brazil in the global scene and, especially, its influence in Latin America are a fact in Washington. However, there is some frustration over the positions taken by Brazil in the global arena. The Brazilianist Albert Fishlow, from Columbia University and author of *The New Brazil* (recently launched in the US), says the Brazilian government needs to better choose its priorities in the international arena. “It should have smaller objectives that can be successfully met”, says Fishlow, who defends a stronger alignment with the US. Eric Farnsworth, from the Council of Americas, suggests that Brazil should first of all decide what type of country it wants to be and how it wants to be seen – as a leader of the BRICs, of Latin America or as a Western power. “In fact, Brazil is all of this at the same time”, says Farnsworth. “But for those who aren’t specialists on Brazil, and that applies to most US congressmen, the overriding image is Brazil’s stance in global agendas and this, sometimes, causes confusion.” The reference is to positions taken by Brazil in the UN in relation to Iran, Libya and Syria – positions considered irresponsible by some.

1 Brazilian shopper
in US store: now it's
the Americans' turn



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HANDOUT

Reverse flow

The time has long gone when the dream was “to be American” and when almost 50% of Brazilians wanting to enter the US as tourists were denied from doing so. With their shopping bags full, Brazilians are now very much persona grata. But this wasn’t the only post-crisis change. An increasing number of Americans are now traveling to Brazil in search of work and investment opportunities. According to the Labor Ministry in Brasília, work visa requests by foreigners rose 19% in the first half of 2011 versus the first half of 2010. Since 2008, this number has risen from 16,821 to 24,684, with Americans leading the way in recent years. The movement was worthy of a recent cover story in the New York Times, on how Americans are “following the money trail towards a growing Brazil”.

On the ground and in the air

In two Chinese cities, communities of Brazilians fly airplanes and make shoes

TEXT AND PHOTOS JANAÍNA SILVEIRA, DONGGUAN AND SHENZHEN

Two sector crises, out of the various suffered by the Brazilian economy in recent decades, ended up taking to Southern China a vast community of Brazilians with some unlikely characteristics in common: almost all of them hail from Rio Grande do Sul (whose inhabitants are known as gauchos), are specialists in footwear or commercial aviation pilots, and migrated with their families to the cities of Dongguan and Shenzhen

in search of job stability and professional prospects – difficult to find in Brazil in recent times.

The two communities emerged from different crises: the footwear industry crisis of Rio Grande do Sul, in the 1990s, caused by trade opening and competition from ultra-cheap Chinese footwear; and the commercial aviation crisis in the following decade, which led to the collapse of traditional airlines such as VASP. The largest colony (of footwear producers) lives in Dong-



1 Production
line in
Dongguan:
Brazilian
know-how

2 João Batista,
from Novo
Hamburgo:
shows and
rock music



guan, one of the industrial centers of the Guangzhou region (or Canton, as Westerners call it) and Hong Kong. This region was home to the economic deregulation process initiated by the Chinese government in 1978, which transformed China into the world's factory floor. We are talking about 3,000 expatriates (according to calculations of the region's inhabitants and estimates of the Brazilian embassy in Peking), and they are almost all from the same region of Rio Grande do Sul – Vale dos Sinos, a women's footwear production center.

“We are one of the most homogeneous communities of expatriates that I have ever heard of”, says Otávio Oliveira, operations manager of the US company Camuto Group, operating in China for 5 years. He explains: the Brazilians living in Dongguan don't just work in the same industry, they also hail from Brazilian cities that are very close to each other – especially Novo Hamburgo, Sapiranga and Campo Bom. In fact, most of them learnt how to make shoes at the Senai professional training school in Novo Hamburgo. In contrast, the airplane pilots and their families, based in the neighboring city of Shenzhen (some 50 kilometers from Dongguan), don't surpass 100 people. They all work at the local Shenzhen Airlines, alongside Chinese workers and other expatriates. The head of the foreign air pilots is a gaucho himself – Captain Lotário Kieling, the first Brazilian to arrive back in 2004, and who paved the way for the rest of the group (read more about the air pilots on page 30).

The gauchos from Vale dos Sinos showed the Chinese how to make women's shoes

The two expatriate communities don't have much contact, despite the brand new 8-lane highway linking the two cities. They are also different in terms of local integration: while the pilots and families are too few to be noted by the Chinese from Shenzhen, in Dongguan the Rio Grande do Sul colony is so visible that some Chinese sellers occasionally try their hand at a bit of Portuguese in the street markets. “Barato, barato” (“Cheap, cheap”) they say in Portuguese in an attempt to seduce the potential Western client with some bargain buy or another. So, just how did the gauchos achieve such a strong presence? Well, the story

begins in the mid-1990s, when the Brazilian industry Paramount (from Campo Bom) touched down in Dongguan. The company transferred part of its production to China after its local business in Brazil came under the

threat of, guess who, Chinese competition! For the company, it was a means of benefiting from the same conditions that boosted its rivals' competitiveness: cheap labor, a consistent components supplier chain, preferential government policies and excellent logistics infrastructure – the neighboring Shenzhen and Guangzhou/Canton are port cities.

The Brazilians showed that they had skills when it came to making shoes, and soon rival companies also operating in China (especially Taiwanese ones) also started importing workers from the Vale dos Sinos region. The dangling carrot was the good contracts on offer, since China lacked professionals specialized in producing higher-quality footwear.



Many of the workers already knew each other from their time in Rio Grande do Sul. It basically worked like this. Someone heard about a new job opening, invited his friend to come to China, and that was how the community started to take shape. For the gauchos, who were facing a crisis on the home front, it was the chance to make some good money. From a broader point of view, how-



1 JB at the plant: “wireless phone” in English... 2 ...with Chinese workers

cho footwear specialists create the moulds for making the shoes that will be on store shelves around the world, bearing the brands of their creators. In addition to initial product development, the Vale dos Sinos expatriates keep an eye on the production lines to inspect and refine the work of the footwear producers. What they do better than anyone (that’s why they are there) is this specialized work in the “midfield” between the handmade creation process and mass production. And they are also specialized in women’s footwear, a niche where the Chinese had zero expertise.

Few Brazilian companies followed the steps of the pioneer Paramount, says Otávio Oliveira, who has been living in China for 5 years, working at the US company Camuto Group. Most of the time, foreign companies with operations in Vale do Sinos migrated part of their production base to China. The company where Otávio works is an example. Camuto currently produces 20% of its footwear in Brazil and 80% in China. But 98% of production is sold in the US. Following the rule of outsourcing production, Camuto itself doesn’t produce a single pair of shoes. Its employees spend most of their time in ateliers in the company’s 6-floor building in Dongguan, working on design, development and quality control. The actual production of the shoes bearing the Vince Camuto brand is carried out by 17 Chinese companies, all located in the city or nearby. Of the 600 Camuto employees in Dongguan, 50 are Brazilian. “Only a third came from Brazil”, says Oliveira. “The other two thirds were already here when we hired them”. The Brazilians, says Oliveira, cost three times



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ever, this is a form of internationalization that leaves its marks – the companies and professionals who leave Brazil do not create a new international operation (whose results will be added to domestic production), but instead they take with them jobs, technology and resources previously put to good use back home.

So, what exactly do these Brazil-

ian expatriates do? Their specialty is filling the gap between the original design and the final product. The design of the footwear exported by China generally comes from the US and Europe. The Brazilians are responsible for developing the product, for quality control and for overseeing the production – which is delivered to outsourced Chinese factories. For example, the gau-

1 Boxes of the US brand: shoes made in China...

2 ...tested on the feet of a Brazilian model

3 Captain Lotário Kieling: pioneer in Shenzhen

more than Chinese employees. But their specialization and quality of their work compensate the cost.

The wages they receive are higher than in Brazil – around US\$2,000 to start off with, in addition to two annual air trips for the employee and his/her spouse. But the advantages that led to the emergence of the Dongguan center are starting to dry up. Paramount itself, which was a pioneer in the Chinese adventure of the 1990s, is already moving in a different direction, setting up plants in Chengdu (capital city of the Sichuan province – hit by the massive 2008 earthquake). The decision to leave Dongguan is a strategic one: the salaries in the city are higher due to the lack of Chinese labor, and production ends up costing more. But while the industry is starting to move towards the interior of China, Oliveira doesn't believe it is time to think about where to live



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next. “Clearly, the footwear sector, which demands low-qualified labor, is one of the first to feel a cost rise, and it can easily switch its production base”, says Oliveira. “However, I don’t see our company leaving here

over the next 5-10 years”. He explains that the supply chain of footwear components and Dongguan’s logistics structure will lead the sector to keep production bases there.

There is work for Brazilian foot-

PICTURES: JANAÍNA SILVEIRA

OTHER FLIGHTS

IN 2004, Captain Lotário Kieling, then at VASP, surfed the Brazilian air crisis (which ended up closing the company where he worked and speeding up the collapse of Varig) and accepted a proposal from Shenzhen Airlines, a Southern Chinese airline. A colleague already working in Asia called Kieling’s attention to the opportunity on offer. Things worked out so well that, shortly after, Kieling was already the head of the foreign pilots of the company – now part of Air China (the country’s third largest airline). After Kieling came other Brazilians, initially forming a group of 12 pilots.

With work in Brazil drying up,

the Chinese proposal was a tempting one. The Brazilians covered the shortage of trained professionals to meet the explosive growth in the Chinese economy, which multiplied demand for air travel. But there are peculiarities in the structure of the company with the Brazilians. Even today, Brazilian pilots always fly with a Chinese co-pilot and crew. And the official language for communicating is English. Mandarin seemed an insurmountable barrier from the outset, and among the Brazilians no-one has tried to learn it.

Currently, according to Kieling, Shenzhen Airlines has around 40

Brazilian pilots. Most of them came after losing their jobs in Brazil, but there are some who simply opted to leave their previous job and come to China. The international environment for educating their children, alongside the security offered by Chinese cities, are the first advantages listed by Brazilians living on the other side of the planet. As for the footwear producers from the neighboring Dongguan, the tranquil lifestyle is as luring as the wages. And since the Brazilian economy has recovered, they also believe that the Brazilian airline sector could soon start offering them a job again in the future. But would they return? Most



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wear producers in both China and Brazil, believes Oliveira. But would he personally return to Brazil? “It’s difficult to leave the country that I made my home five years ago”, he replies. Married and father to a

14-month boy, “made and born in China”, China offers multiple opportunities. He believes the experience is great for his CV. For his son, the chance to grow in a multicultural environment, preserving Por-

tuguese at home, learning English at school, and practicing mandarin Chinese with friends. “And that’s without mentioning security, something my family prioritizes completely”, he concludes.

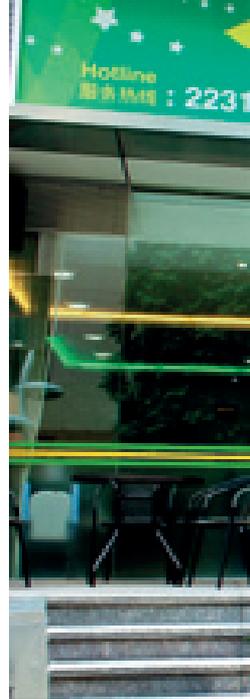
of them say they wouldn’t return in the immediate future.

“China has an excellent aeronautical infrastructure, the wages are better and flight hours aren’t as hectic”, says the air pilot Sandro Poli, who has been working at Shenzhen Airlines for almost three months and is all set to renew his contract for another three months. “And the airplanes we fly are the same ones as in Brazil”. Another pilot, Umberto Dalpian, from Caxias do Sul, sums up his reasons for extending his Oriental adventure: “You can’t live here all your life, but I won’t leave before my daughter graduates in Hong Kong”.



PERSONAL COLLECTION

3



1 2

Security is the first advantage signaled by another gaucho expatriate, the products director of Grupo Camuto, João Batista Vieira, from Novo Hamburgo. He started working in China shortly after his company set up shop in Dongguan. At the time, he traveled only with his wife Deti. His two children, Jean and Jader, came a year later. “We did the exact opposite, the parents moved out first”, jokes Vieira, who in the last 18 months has split his time working at Vita Bar, where he is a partner. Rounding off his hectic agenda, JB (as he is known in the community) plays the drums in the band A Passageira, whose name recalls the constant exchange of members (their songs can be described as gaucho rock). Some stay on, such as his son Jader, who provides the vocals. JB’s other son, Jean, is another one from the gaucho armada working in the footwear sector. He is at a company that works for Camuto, and in two years has already learnt enough mandarin Chinese to communicate in the local language — something rare among Brazilians. Most don’t speak mandarin Chinese and use English to communicate. “It all works out, but it’s a real wireless telephone”, admits JB (read more about expatriates and

the language on this page).

But nothing is so difficult that it is worth complaining about. Life is so good in China that the couple even turn down the two annual trips back to Brazil, preferring to fly back only once. Last year, one of the vacation periods was dedicated to a trip to Europe to celebrate their 25-year wedding anniversary. The initial

adaptation can be difficult for some. But most end up enjoying the experience — just ask the Brazilian expatriates. The cities help. The development policy implemented decades ago in the region by Deng Xiaoping (Mao Zedong’s successor) attracted investments, created industries, brought money flooding in and transformed the landscape. Shen-

PICTURES: JANAINA SILVEIRA

SPEAKING CHINESE

THE LANGUAGE is the main obstacle to Brazilian expatriates’ greater integration in China. Few even try to learn it, such is its apparent difficulty. And most who have a try end up giving in. “I once tried to order a paper cup of coffee during a flight, and the air hostess brought me ten cups of coffee”, recalls Lotário Kieling, from Shenzhen Airlines. Because the words for paper, zhi, and 10, shi, almost sound the same. “After that, I gave up”, he recalls laughing. “My youngest daughter, however, Débora, is in Peking, where she studies mandarin”, he says, proud as punch. This is another constant

feature in the community — the children, born or raised in China, aren’t scared by the language, making their parents proud. But the Chinese don’t seem scared to try their hand at a bit of Portuguese, says the specialist in digital media Érica Benites Manssour, who has been living in Dongguan for 3 years, but is ready to pack her bags and move to Shanghai. “Aipim xianzai pequeno, meiyou”, she heard from a seller in the city’s fruit and vegetables market, when she tried to buy the cassava root so present in gauchos’ cuisine. The translation? Something like “Aipim is still small, we don’t have”. With



1 Avenue in Dongguan: explosive growth

2 Boteco Brasil, of Marino (left): cassava and xis

3 Brazilian pilots: proud of their multi-lingual children



rants. And this (via the taste buds) is where many expatriates, once acclimatized in Chinese soil, start to diversify their activities. Marino Arnecke, who left Campo Bom over a decade ago as one of the pioneers of Paramount, is a case in point. He has been a partner of Boteco Brasil for a year, a paradise of Brazilian popular gastronomy capable of bringing any gaucho expatriate to tears. The menu features fried cassava and the regional specialty Xis (from cheeseburger), a family-sized hamburger typically seen in Rio Grande do Sul diners. And you can order by phone! ■

zhen was a quiet fisherman village 30 years ago. Today, it has over 14 million inhabitants. The city, which borders the former British colony of Hong Kong, is now filled with skyscrapers. Dongguan, home to the footwear producers, has a modern urban project. Most buildings have up to six floors – only the more downtown district of Dongcheng

has taller buildings, most of them residential. Impeccable construction sites are dotted around the broad avenues and give the impression of a city like Los Angeles, with a Chinese cosmopolitan bias. In addition to the local restaurants, you can also find Irish bars, Italian cantinas, Thai dishes and, of course, Brazilian steakhouses, bars and restau-

almost 15 years of experience with Brazilians in Dongguan, the Chinese who have more contact with the community have incorporated into their vocabulary words such as batata (potato), cebola (onion), mamão (papaya), chuchu (chayote) and salsinha (parsley), says Érica. Don't be surprised if soon they are saying gaucho words such as "tri", "tchê" or "barbaridade", given the overwhelming majority of gauchos in the local colony.



3

Time to think about Poland

Poland's attractive features (reminiscent of Brazil) are catching investor attention: it continues to grow, despite the crisis, and will host Euro 2012

JACEK JUNOSZA KISIELEWSKI*

The global economic crisis has caused a reassessment of the global economy. Many leading countries and companies have endured losses, while others have emerged on the world stage, gaining visibility and importance. It's time to reassess partnerships and define which should remain profitable and which should be established under new parameters, with renewed partners that reveal dynamism and adaptability in face of the changing conditions.

Poland is one of the few countries that went through the economic crisis without disrupting its development. It naturally slowed down, but still by the end of 2009 Poland had a GDP growth of 1.7%, the fifth best in the world in terms of added value. No other European

country has reached such a result. The year 2010 brought an economic growth of 3.8%, the third best result in the EU. Growth forecasts for 2011 are equally encouraging. It is worth pointing out that the economic growth in Poland has been in the ascendant for 18 years.

After the crisis, it is time to reassess inter-country partnerships

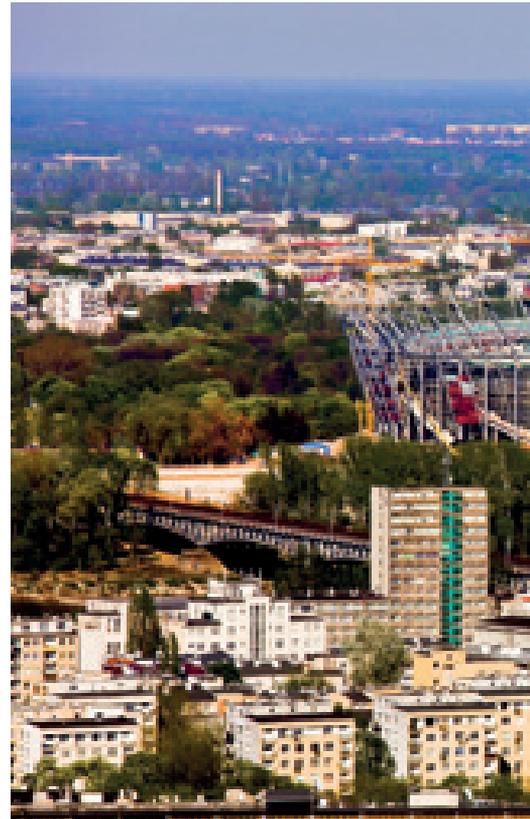
According to the latest edition of the FDI Confidence Index, which measures the confidence of foreign investors, Poland climbed from the 22nd position, in 2007, to the 6th place in the world. This increase is not only due to stable economic growth, domestic market size, access to the European international market, skilled labor, low risk for deteriorating economic situation in the near future and strategic location, in the heart of Europe. It is also the result of the flow of subsidies from the EU Cohesion Fund into the country. Poland,

the largest nation among the 12 new EU members, with more than 38 million inhabitants, is the biggest beneficiary of this fund.

In 2012, Poland will face a great organization challenge, which will attract the attention of millions of people. Poland and Ukraine will host the UEFA Euro 2012, which requires large investments for building four new stadiums and modernizing roads and the railway network.

By the end of 2010, the cumulative foreign direct investments in Poland amounted to US\$205.3 billion. According to a recent survey by Ernst & Young, the European Attractiveness Survey 2011, Poland is the country most often pointed to by managers of foreign companies, as having potential for new investments in Europe. This is especially important during the current post-crisis situation, in which investors prefer countries presenting lower risks.

As a member of the EU since 2004, Poland occupies a special





ISTOCK/ARTUR BOGACKI

place in the integrated European market. It develops partnerships of various kinds with all other 26 EU member states, but at the same time maintains strong economic ties with markets located beyond the EU eastern border.

The dynamism of the Polish economy is favored by a young and well educated workforce. Thus, during the next decade the competitiveness of Poland will be based on the availability of skilled labor. About 2 million students attend more than 450 Polish universities and each year 400 thousand graduate from them. Speaking foreign languages is quite common among young people, especially English. After the adherence to the EU, many young Poles took job opportunities arisen from the opening of the European labor markets, starting with UK, Sweden and Ireland. But the economic crisis led many back to Poland, for its best labor market situation. The stay of these young people abroad has proved invaluable, as they brought

new experiences in technology and work organization, and new ideas to open their own small and medium companies.

The good economic climate in Poland is also due to the good political environment and the growing importance of the country in the world arena. The Polish government is pro-reform and pro-European. During the present semester Poland chairs the EU Council, becoming largely responsible for establishing the guidelines for its development. One of its priorities is the neighborhood policy – with Eastern Europe and

Poland has strong economic ties with markets to the East of the EU

the North African countries in transition to democracy. Among the economic priorities are the integration and strengthening of the European market, the efforts to increase the importance of medium and small companies and to guarantee the energetic security of Europe. Former Polish Prime Minister Jerzy Buzek is the current President of the European Parliament.

I recommend that Brazilian entrepreneurs become more interested in Poland, for its dynamic economy, strategic location, active participation in the European market, opportunities for investment and cooperation. It would be ideal to visit it to identify opportunities, adding a few days to know the beauty and ancient history of Poland, and the origins of John Paul II, Copernicus, Chopin, Maria Skłodowska-Curie, Lech Walesa, Andrzej Wajda and other great Polish personalities.

The Polish Agency of Information and Foreign Investments is an institution specialized in services for companies wishing to invest in the country. More information about the Polish economy and possibilities of cooperation on the links: www.saopaulo.trade.gov.pl. www.paiz.gov.pl

* Poland's Ambassador to Brazil



1

From Switzerland

Attracted by the economic growth outlook, international banks and brokerages are beefing up their operations in Brazil

SUZANA CAMARGO

How do young people, the future global investors and clients of large investment banks, think about the world? Upon asking itself this same question, Credit Suisse, one of the most traditional Swiss banking institutions, chose to answer it via a survey taken last year with young

adults from the US, Switzerland and Brazil, in a clear display of the strategic importance that its leaders attribute to the Brazilian economy in the near future. And they aren't alone: other large international investment banks and stock brokers see Brazil as one of the markets with the biggest growth potential in a world still trying to put the 2008/9

financial crisis behind it. Like other emerging markets, Brazil, seen from outside, is not suffering from any of the mega indebtedness or economic stagnation woes of the regions that used to "drive" global growth until the start of the 21st century – especially the US and Europe.

This new gaze is translating into a wave of expansion in the opera-



BIA PAREIRAS

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to Faria Lima

tions and Brazilian teams of these institutions, in order to prepare them for the more central role that they should now play. “The inflow of direct investment capital into Brazil will increase”, says Eduardo Centola, an executive director running the Brazilian side of the business of UBS Investment Banking, the investment arm of another Swiss major bank. “And it will increase a lot”. UBS has ma-

pped out a very clear global growth strategy for the next five years. “The priority regions are Brazil and China”, says Centola. “These two countries have very attractive growth and business areas”. This optimism is shared by Louis Bazire, CEO of another global bank operating in Brazil, the French institution BNP Paribas Brasil. “Today everyone is buying into the Brazil story”, he says. “My

CEO in Paris is confident in the country; we have potential”.

The positive wave explains Credit Suisse’s initiative to include young Brazilians in its survey, taken to assess the outlook of young adults on current themes and their view on the future. For many years, the bank only analyzed the opinion

Credit Suisse included young Brazilian adults in its scenarios for the future

1 Credit Suisse, in Zurich...

2 ...and the towers of Faria Lima, financial center of São Paulo

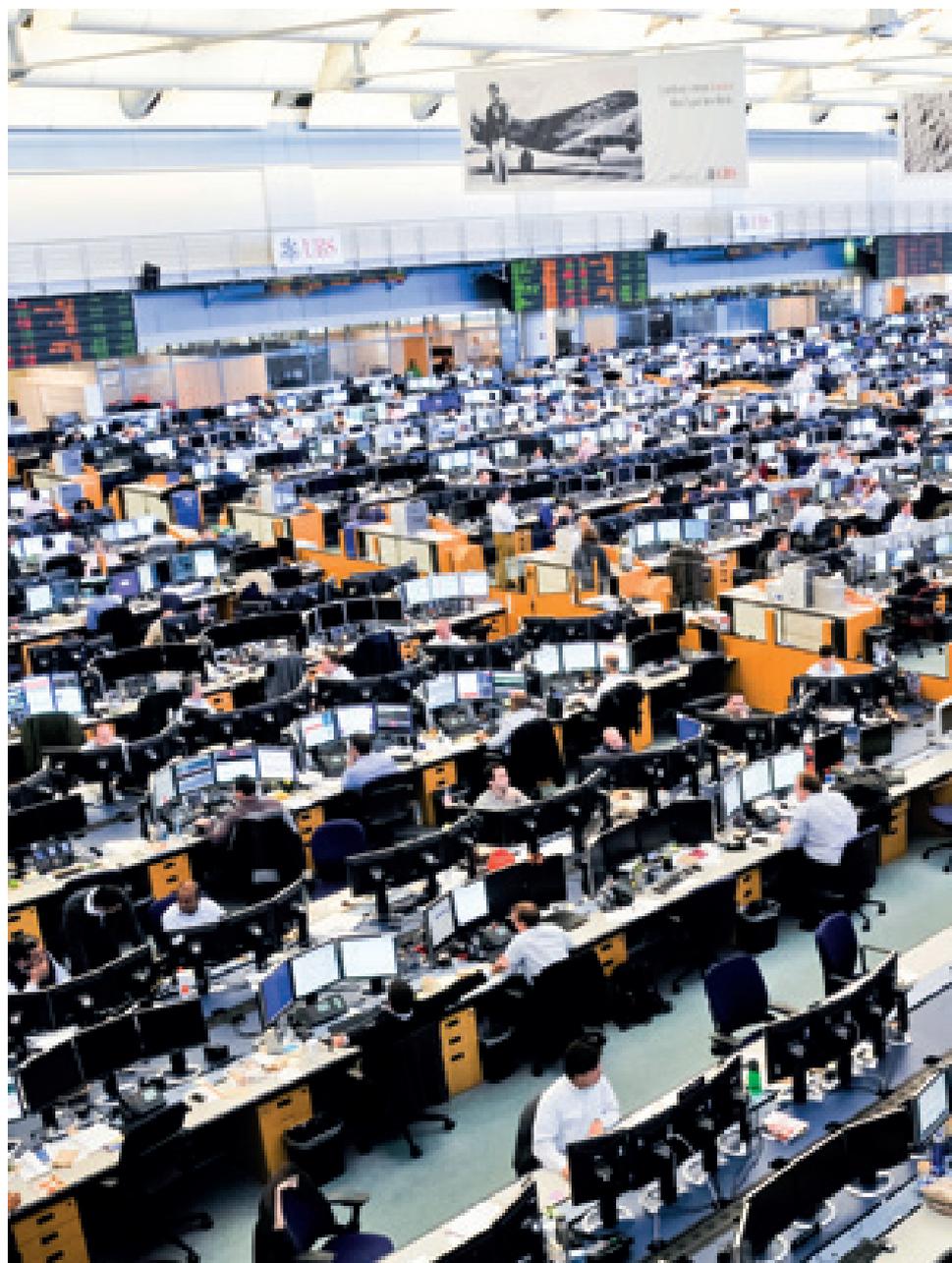
of Swiss adults. In 2010, it realized that it needed to expand its own horizons, recognizing the entrance onto the global stage of large emerging markets, and it started by wanting to learn more about the thoughts of young people (16-25) living in Brazil, in addition to the traditional US and Swiss markets (see more on the survey on page 40). The bank's initiative was a strategic one: today's youths are tomorrow's future investors and clients. The choice of Brazil is explained by the country's increasing share of and importance in the bank's global operations, just like India, which should be included in future editions of the Youth Barometer.

The attention of global banks is also being attracted by the growing number of billionaires in Brazil, the highest in Latin America according to the US financial bible Forbes, which compiles this ranking annually. Brazil gained 12 new entrants in this year's Forbes list, bringing its total to 30. The list includes Eike Batista (EBX group), right at the top in 8th place overall, and other names such as Carlos Alberto Sicupira, Jorge Paulo Lemann and Marcel Telles (all from Inbev), Abilio Diniz (Pão de Açúcar) and Antonio Luiz Seabra (Natura). Forbes believes this growth is mainly due to the strength of the BRL (Brazilian real) against other currencies. The number of large fortunes continues to grow, according to Sérgio Kimio, UBS' head of wealth management. "It is a very interesting market for UBS", he says, while adding that Brazil is one of the few countries where these fortunes are concentrated in the hands of families and individuals, whereas fortunes are more widespread in other countries.

The world's second largest wealth management outfit, UBS arrived

in Brazil in 1953, when it was still Swiss Bank Corporation and had not yet merged with Union Bank of Switzerland. It went through turbulent times when, in 2006, it bought Pactual from André Esteves (another in the Forbes list of Brazilian billionaires). Shortly after, at the height of the 2008 global crisis, it decided to sell the Brazilian operation and also divest some of its assets in other parts of the world. The decision was considered a hasty one by many sector analysts. At the start

of 2010, UBS announced its return to Brazil with the acquisition of Link Investimentos, the largest independent brokerage in Brazil. Also last year, it re-launched its wealth management business. At the time, the bank said that "it was only investing in countries where it planned to be one of the top 5 players". In September, the UBS group was rocked by the discovery of a fraudulent operation causing massive losses. The cost of the fraud exceeded US\$2bn and the person responsible,



a UBS trader, was arrested in London. The scandal was considered one of the biggest in Switzerland's financial history.

In Brazil, to meet the growing demand of clients and investors, UBS is investing in a new HQ on Avenida Faria Lima, a type of São Paulo Park Avenue where all the major banks are to be found. And it is strengthening its team. "We are hiring new business heads, and later their teams", reveals Claudia Perri- ne, Human Resources director. The-

se new professionals should work in the fastest-growing business areas (in recent years) of the Brazilian subsidiary: IPOs, direct Brazilian investment (not just funds) abroad and offerings of investment products to large investors. "UBS wants to intermediate, structure and advise in these international operations involving financial inflows into Brazil", says Centola. Another flourishing business is represented by cross-border deals. In the opinion of Centola, international financial ins-

titutions have more knowledge and experience to execute these deals. And he gives an example of what is around the corner. "The volume of direct Chinese investments in Brazil in 2010 was US\$11bn (almost 2x that of the US), and in 2011 this number should double", he estimates.

With a more linear trajectory in Brazil, BNP Paribas Brasil is the HQ of the French bank in Latin America, representing 2-3% of the bank's global operations, but has posted continuous growth in recent years. "All the business areas are growing in Brazil, it is organic growth", says CEO Louis Bazire. "We have strengthened our team, climbed the ladder in debt/equity issuance rankings, progressed in export financing and export projects, and carried out major cross-border deals". The Brazilian arm posted 14% growth in assets under management in 2010, with AUM of R\$32bn, it is one of the top 10 pension and offshore fund managers (Mar/11) and has a US\$40bn asset management area.

Investment bankers all agree that never before have we seen so many major deals being struck in Brazil. "In my market of investment banking, sophistication, the volume and size of deals abroad always involved much higher multiples than in Brazil", recalls Centola. "And then suddenly things changed, and you started to see more attractive, more innovative deals here than abroad; the speed of trading here is very fast". And he is in a position to



USB/HANDOUT



USB/HANDOUT

- 1 UBS trading desk in the US: on the slide
- 2 Centola, from UBS: Brazil and China are priorities

WHAT YOUNG PEOPLE THINK

THE FIRST edition of Youth Barometer, a study carried out by a research institute at the request of Credit Suisse, was taken in 2010 and the main theme was the virtual world - The internet sets global trends but does not resolve local problems, revealing the opinion of 761 young Brazilians. This year, the bank chose religion as the central theme of its survey.

Despite living in different countries, many teenagers share dreams, anxieties and common ideas at this stage of life. However, youngsters living in such different countries as Brazil, the US and Switzerland also carry cultural features, beliefs and their own particular concerns. When asked, back in 2010, what most worried them at that time, 62% of the young Brazilian men and women interviewed all signaled corruption as the main problem, followed by unemployment (46%), health problems (41%), retirement (30%), criminality (29%) and education (28%). Terrorism was at the top of the list for 67% young Americans. For the Swiss, who have always lived in a very closed and conservative society, integration is their number one concern - 72% said growth in the number of foreigners in the country could be a problem.

For Credit Suisse, knowing who these young adults are and what they think about these three large markets is vital. When the responses of young Brazilians were analyzed, Credit Suisse was surprised to see that corruption was signaled as a major problem. For

those living and working in Brazil, this choice comes as no surprise whatsoever. But for those living in Switzerland, with its organized and efficient political system, this really seems to be a very distant reality.

This year, Youth Barometer interviewed a broader universe of teenagers: it interviewed 1,018 teenagers on religion. The survey revealed that, despite difficulties, Brazilians are optimistic and have faith in the future. For 93%, honesty and family relations are key values in life. A good education, training and qualification for the future and to be able to live in accordance with religious beliefs and spiritual values are equally important.

On the central theme of the survey, 88% of young Brazilians

said “Yes, we believe in God”, much higher than the Swiss (43%) and Americans (69%). Historically more accustomed to living with different creeds and races, another factor far removed from the Swiss reality, 83% of Brazilians agree that there should be religious freedom while 81% believe in pacific coexistence between people from different religions.

Based in Zurich, Credit Suisse is taking a right step in trying to learn more about the culture of countries where it plans to do business. While young Brazilians preach religious freedom, in 2010 Swiss people (of all ages) approved, via a national referendum, a ban on building new minarets – the towers symbolizing mosques, where the muezins call upon Muslims to pray.



REPRODUCAO

make this comparison. He returned to the Brazilian market four years ago, after working as vice-president of Goldman Sachs in New York. Both Centola and Bazire are Brazilians who came back to the country after amassing international experience. The UBS head in Brazil spent 16 years working in the New York financial market. Bazire, son of a French father and US mother, was born in Rio de Janeiro, left when he was 12, but was always seen as a carioca (i.e. Rio native). He forged his career at BNP, working in Mexico, France, Spain and Belgium. And before taking up the reins at the São Paulo office, he was head of BNP Paribas in Switzerland for 4 years.

Goldman Sachs has boosted its headcount in Brazil by 50%

Just like UBS, BNP Paribas has no plans to compete with retail banks in Brazilian markets. These international banks want a share of the large transactions attracting both foreign and Brazilian investors. A year ago BNP launched its institutional custody service (securities custody for institutional investors, with an offshore offering), created to meet the demand of European and American clients in Brazil. In addition to direct services and products, the group is investing in opening and growing subsidiaries such as Arval (vehicle fleet manager), Cetelem BGN (consumer credit) and Cardiff Seguradora. “We already have 8 million insurance clients in Brazil”, says Bazire. “Cardiff has benefited a lot from the stronger purchasing power of the so-called “C” (i.e. middle) class, since one of its products, among many others, features extended guarantees”.

Appetite for Brazilian markets

can also be seen in M&A moves involving Brazilian institutions. In 1998, Credit Suisse bought the Brazilian investment bank Garantia. In 2007, the Swiss bank showed that it wanted to strengthen its foothold in Brazil by joining forces with Hedging-Griffo, leader in the Brazilian asset management and private banking segments, in a R\$635mn deal. As a majority stockholder, Credit Suisse gained a portfolio of high net worth (HNW) Brazilian clients. The financial market is now awaiting the conclusion of the deal. Credit Suisse has already announced the purchase of the remaining Credit

Suisse Hedging-Griffo shares and provisioned in its balance sheets. Integration starts in January 2012. Among financial market players, the deal is estimated to be worth roughly R\$1.25bn.

But it isn't just European banks doing all the growing in Brazilian banking markets. In recent years, US bank Goldman Sachs, a legendary New York investment bank, established a stronger presence in Brazil. The asset management team, which works with fixed income management, stocks and multi-markets for local investors, started operating in 2008. The brokerage business got off the ground last year. In this short space of time, however, the bank has already felt the need to boost its headcount (from 200 to 300 employees). According to Goldman itself, in 2010 the bank posted the highest growth out of all mid-size banks in Brazil based on total deposits (331.7%) and ranked second in Anbima's (Brazilian Association of Financial and Capital

Market Entities) M&A ranking for the first half of 2011.

The move by these heavyweight players of the international investment banking and brokerage universe to beef up their local presence is heating up the race for the domestic market. Other major institutions are contesting this niche of the financial market – J.P.Morgan, Société Générale, Morgan Stanley and Merrill Lynch/Bank of America, to name but a few. And the list should increase shortly. The Central Bank has received 20 requests for an operating license from financial institutions waiting for the green light to start doing some business



in Brazilian markets. Anbima data show that the private banking sector alone had almost R\$413bn in AUM in June 2011, up 28% in the year-on-year comparison. Of this amount, R\$202bn is invested in se-

la, were working in other countries and wanted to come back. The days when foreign executives were seen as more experienced than their Brazilian counterparts are well and truly over. “Brazilian markets are

economy in transformation. One of the main current concerns is to assess to what extent Brazil and other emerging markets will suffer from the relapse in the global economy expected to happen as a result of



VALE/HANDOUT



EMBRAPA/HANDOUT



ALL/HANDOUT



EMBRAPA/HANDOUT

curities and R\$187bn in funds.

As at UBS and BNP Paribas, the executives in charge of these banks are mainly Brazilian – most of them, such as Bazire and Cento-

both challenging and fascinating, and to be a truly global bank you have to be local”, explains Centola. But to be local in Brazil still means living with the uncertainties of an

European and US woes.

“Brazil isn’t an island, it should be affected, but food commodities are unlikely to be hit much”, predicts Bazire. “Some slowdown in the Brazi-

Ores, food, bio-energy, infrastructure, cars, health and technology: priority investments

lian economy could actually be positive in terms of reducing unwelcome flows”. By 2015, the original BRIC members (Brazil, Russia, India and China – South Africa recently joined the club) should be responsible for

and other BRIC countries have yet to achieve Brazil’s level of institutional and democratic maturity – which may favor our Brazilian economy in the long term.

Foreign investors can see this,

“Commodities will also be profitable and attractive, always”. The UBS executive also points out another



1/3 of the global economy. Bazire believes that Brazil has the advantage in this race. Although China grows at higher rates, you have to look further into the future, he says. China

and have favored segments such as infrastructure, healthcare, agriculture, IT, vehicles and technology. “Brazil was seen as a developer of technologies”, signals Centola.

growth engine: domestic Brazilian markets. “There is a consumer market with purchasing potential and enthusiastic about infrastructure”, he concludes. ■

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From apprentice to teacher

Brazil is transferring its successful experiences in health, agriculture and professional training to countries lacking resources and technologies

CECÍLIA PIRES





Plantation in Mozambique: with the experience of Embrapa

**BRAZILIAN INVESTMENTS
IN INTERNATIONAL COOPERATION**

In 2005: R\$485.9mn

In 2009: R\$724.4mn

Total in the period: around R\$3.2bn

(all amounts are updated for 2009)
source: Brazilian Cooperation for International
Development/Ipea, 2010

Discreetly, but with its foot on the accelerator pedal, Brazil has been strengthening its international role as a donor of aid to the development of poor and emerging nations — a somewhat imprecise concept, but which encompasses, among other things, the provision of technical and scientific cooperation, help in training professional teams and the transfer of experience in the social area. Growth was swift: in 2003, 21 countries received Brazilian technical cooperation, and the Brazilian Cooperation Agency (ABC), a public body that coordinates the activity, initiated 23 new projects in that year alone. Six years later, in 2009, 58 countries were benefited by Brazilian cooperation and ABC incorporated 413 new projects into its portfolio.

At the start of the 2000s, Brazil ceased to be mainly a country receiving help and technical assistance from rich countries and became one of the major donor countries (although it does continue to receiving help in some areas). To make this transition, it chose a path: to offer its partners “made in Brazil” solutions to resolve economic and social development problems — and some of these solutions have attracted international attention in recent decades. This basket covers both “social technologies” for re-

HANDOUT/JICA/JUSIMEIRE MOURAO



HANDOUT EMBRAPA / JOSÉ GERALDO DI STEFANO



HANDOUT EMBRAPA / JOSÉ GERALDO DI STEFANO



HANDOUT EMBRAPA / JOSÉ GERALDO DI STEFANO

ducing poverty — such as the Family Allowance program, which supplements the income of very poor families, demanding in return that their children go to school — and the science and technology successfully applied to tropical agriculture; public health initiatives such as AIDS prevention and control, and large-scale professional training programs for industry

As a result, today we have researchers from Embrapa (Brazilian Agricultural Research Center) in Africa, working to genetically improve the cotton grown by small farmers in Mali, Benin, Chad and Burkina Faso; or to adapt to the savanna lands of North Mozambique the knowledge accumulated in the large-scale agricultural exploration of Brazil's own version of savanna lands, the cerrados (see article on page 54). Similarly, Senai (National Industrial Training Service) is helping to set up technical schools and technological centers in Angola, in Peru and in

In 6 years, countries receiving Brazilian help have risen from 21 to 58

Paraguay. And Brazilian medics are helping African countries to prevent and treat AIDS, while the Oswaldo Cruz Foundation is transferring to African countries vital information on how the Human Milk Banks developed in Brazil are organized and function (see page 50).

“Brazil constructs solutions for developing nations”, says the director of the Brazilian Cooperation Agency (or ABC), diplomat Marco Farani (ABC was created in 1987 and is linked to Itamaraty, Brazil's Ministry of Foreign Affairs). “There is a lot to offer, because the country has solutions and is well received in

Latin American countries and in Africa, where demand is strong”. The Brazilian government claims that this cooperation model stands out due to one fundamental characteristic to its success: the donor country, in this case Brazil, doesn't impose actions in a top-down hierarchy, in contrast to the traditional model followed by developed countries. In the Brazilian case, most projects arise

from demands that reach Brasília, coming from other governments and international organizations seeking partnerships in areas where Brazil has recognized expertise.

The proof of this — so the Brazilian government argues — is the demand for services of Embrapa and Senai. Take the example of Peru, which three years ago modernized its environmental legislation and created a specific ministry for the area, in line with local and international pressures for preservation of natural resources and cleaner production. The reform required local industry to track the modernization process and learn to produce in compliance with new policies and regulations. But just how precisely? The solution to the problem brought together the Brazilian Cooperation Agency (ABC) and the National Industrial Training Service (SENAI) with the German Technical Cooperation Agency (GIZ). Brazilians and Germans, in partnership with the Peruvian industrial training service, are building an Environmental Technology Center in Lima to train engineers and technicians in preventing pollution, treating water and



HANDOUT/SENAI

1 In Mali:
Female
farmers and
experimental
plantation

2 Senai
course in
Tanzania:
with
Petrobras

Guatemala and Paraguay) and plans to open another nine. In total, the institution's portfolio features 30 international projects. By 2012, this group of Senai units abroad will be able to train around 10,000 students per year.

At the other end of its activity, Senai is used to seeking out strategic partners from centers offering the very best in technology (such as the Milan Polytechnic School, in the area of design, or associations of French dairy product producers) and bringing this knowledge to Brazilian labor. The same model is being extended to foreign workers from Brazilian multinationals, since Senai is also asked to track the movement of Brazilian companies abroad. "This is a useful and successful model that industries feel the absence of when they go international", says Rafael Lucchesi, director-general of Senai.

Brazilian cooperation still doesn't have assessment and monitoring instruments

Based on this demand, in 2008 Senai created the first professional training program for workers from the coal mine run by Brazilian mining giant Vale in Moatize, in the province of Tete (Mozambique). It also organized the training program of Petrobras Tanzania Limited, an African subsidiary of Brazil's state-run oil giant, in partnership with the government of Tanzania and local organizations. In this model, local workers are trained based on the initial demand of Brazilian multinationals. However, ABC stresses that its activity isn't contingent on the interests of these companies.

industrial residues and recovering degraded areas.

To meet Peru's needs, the government used a Senai team from Bahia, which has been providing services, training personnel and offering consultancy to companies in the environmental area since 2005. The required investment, of around US\$5mn, makes the Peruvian center the biggest trilateral cooperation project underway in Latin America, according to Senai's Head of International Relations, Frederico Lamego Soares. Senai is the executive arm of ABC's professional training projects for industry, both the so-called tri-lateral projects (featuring the participation of a third country, as in the Peruvian case) and projects involving only Brazil and the country receiving the help (another example of a tri-lateral project is the growing of food in the savanna lands of Mozambique, described in more detail further on, in which Japan, Brazil and Mozambique are involved).

Another example of active cooperation is in Hernandarias, a Paraguayan city close to the Brazilian border, on the bank of the great lake

of the Itaipu dam. There, in seven years, around 19,000 students have been trained by the Paraguay-Brazil Education and Professional Training Center in metals-mechanics, electro-electronics, manufacturing, civil construction and computing courses. The Center is run together with the Paraguayan professional training service. "We have been instructed to channel supply to meet local industry demand, to ensure that the students from the Hernandarias Senai Center can enter the labor market", says Lamego.

The results are impressive: 80% of students are now employed, according to Senai. Although the Center has a Brazilian manager, there are no Senai instructors directly teaching the local students, but instead Paraguayan instructors trained by Brazilians and who replicate the knowledge acquired in their own country. Senai has already implemented six similar centers (in Angola, Cabo Verde, Guinea-Bissau, Timor Leste,



MILK BANKS AND AIDS PREVENTION PROGRAMS

ONE OF the best examples of Brazilian cooperation abroad are Human Milk Banks, institutions created to collect the excess milk of donor mothers and distribute it to hospitals treating new-born babies that are either underweight or suffering from health problems. Initiated in the 90s, with the transfer of Brazilian Milk Bank technology to Venezuela, international cooperation in this area started to expand in 2001 — a year in which, coincidentally, the World Health Organization considered the Brazilian Human Milk Bank Network the initiative that most contributed to reducing infant

mortality rates and the promoting breast feeding in the 90s. Today, 23 countries have Human Milk Banks inspired on the Brazilian model, most of them Latin American, but also three African nations (Angola, Cabo Verde and Mozambique) and a European country, Spain.

So, just what is it about the Brazilian milk bank initiative? Franz Novak, coordinator of the Fernandes Figueira Institute's Human Milk Bank, from Fiocruz (entity responsible for the national program), explains: instead of just distributing the collected milk, banks promote and support breast feeding via the

information and education of mothers. "Also, the quality of human milk is certified in the Brazilian model, he stresses.

In the opinion of Magaly Hernandez, national coordinator of a similar program in Venezuela, the results are visible. "Technical cooperation between Fiocruz and the Venezuelan Health Ministry helped restore the weight of premature babies, she told PIB. Venezuela's infant mortality rate, which was around 23 per 1000, fell to 17. According to Magaly (who received training from the Fernandes Figueira Institute), in 2010 the program benefited 9,555 children,



HANDOUT

Mothers and babies in Uruguay: milk bank model

army in collecting milk, explains João Aprígio Guerra Almeida, coordinator of the Fernandes Figueira Institute. “It was also a pioneer in obtaining an agreement with airlines to transport milk for free between cities.

Brazil has also been sought out to help replicate its successful AIDS prevention and treatment program in other developing countries. Today, 23 countries from Latin America, Asia and Africa have structured similar programs via the Brazilian cooperation agreement. Brazil also donates medications to seven countries, and in Mozambique (one of the African countries where AIDS is endemic) it is building an antiretroviral medical drug (vital to controlling the illness) production center.

“Donating these medications is part of a broad policy for developing nations, which Brazil treats as its equals, says Cíntia Freitas, coordinator of the Brazilian Health Ministry’s HIV/AIDS international cooperation program. In addition to donating medications, explains Cíntia, the cooperation program

also brings together government institutions and promotes key factors in preventing and treating the disease, such as promoting human rights,

implementing logistics methods and providing training courses on the correct storage of medications.

collected 1,266 liters of milk and received 17,040 mothers. Venezuela is now gearing up to open its eighth unit.

Uruguay, which was also one of the first countries with which Brazil entered into such a cooperation, has three units and is now one of the models of the Latin American human milk bank network, by innovating in collection and distribution. “Uruguay was able to involve the

BRAZILIAN INVESTMENT IN HEALTH COOPERATION AGREEMENTS:

R\$2.78mn in 2005

R\$13.8mn in 2009;

Source: IPEA, “Brazilian Cooperation for International Development

“Brazilian technical cooperation doesn’t aim to open up the market to Brazilian companies abroad”, says Minister Farani. “It arose from the sense of Brazil’s responsibility as a member of the community of countries who want a better world, a more peaceful world, with better living conditions for everyone.” It is undeniable, however, that international aid programs frequently lever businesses of suppliers of goods and services from the donator country. Senai itself, in a note on the recent implementation of the Professional Training Center of Huehuetenango, in Guatemala, informs that the unit’s equipment was acquired from Brazilian suppliers (after being chosen together with the Guatemalan partner in the project). And ABC notes that this could, in the medium term, “contribute to the commercialization of national goods in the Central American country”. Also, an active cooperation program with decent visibility can bring political dividends to its creator and work as an efficient instrument in a country’s diplomatic relations — especially of an emerging market looking to boost its global presence and look for a seat on the UN Security Council.

Brazilian cooperation policy has been strengthened constantly since the end of the 1990s, but the level went up another notch or two in 2005-6 and followed the foreign policy steps of the Lula government, favoring developing countries from the Southern Hemisphere (the government is, in fact, criticized internally due to this priority of politically projecting Brazil’s image abroad). Along these lines, the main ‘receivers’ are Latin American countries (including some of the poorest



HANDOUT/RENAI

1

countries on the continent, such as Haiti, Guatemala and Paraguay) and African countries, especially Portuguese-speaking nations.

International studies register Brazil's new resourcefulness in this field, but they also signal deficiencies in the model of Brazilian coop-

eration. These problems are seen to be inherent to an activity that took a while to get off the ground and which has outgrown, both in size and complexity, the capacity of the institutions responsible for transferring Brazilian aid programs to the world. The researchers Lidia

Cabral and Julia Weinstock, from the Overseas Development Institute (UK), identify a deficiency in the mechanisms used to assess and monitor Brazilian international aid projects. Without these mechanisms, it is difficult to estimate the real impact of the assistance pro-

GROWING PAINS

HOW CAN we compare the Brazilian cooperation effort with that of other large emerging markets? Some comparisons, however, put Brazil's international cooperation on a par with fellow BRICs China and India, while other calculations estimate that Brazil is close to the level of traditional donor countries of the likes of Canada and Sweden, but still below China, which adopts a different approach: it prefers to finance large infrastructure projects in the countries with which it cooperates. However, the difference of criteria between one country and another hinders this assessment.

A study compiled by IPEA in collaboration with ABC (Brazilian Cooperation for International Development: 2005-2009 - Brasília, December 2010) calculates that the volume of funds invested in

Brazilian international cooperation rose from R\$485.9mn in 2005 to over R\$ 724mn in 2009. The total investment in the period stands at around R\$3.2bn (all the amounts are updated for 2009). Humanitarian assistance and technical cooperation (main centers of international cooperation practiced by Brazil as of 2005) increased five-fold in the same period, from R\$36.6mn to R\$184.7mn (the total numbers also include items such as Brazilian contributions to international entities).

However, the funds administered by ABC (general coordinator of Brazil's international cooperation policy) represent the loose change. This year, we are talking about less than R\$52m. This is a specific characteristic of the Brazilian cooperation system. Although there is a coordinating entity, the segment is

made up of several public entities and private organizations — including, for example, the Health Ministry, Embrapa and Senai, responsible for the cases mentioned in this report.

It is estimated that, for each R\$1 spent by ABC, around R\$15 are invested by other institutions, according to the professors Alcides Costa Vaz, from the Department of International Relations at the University of Brasilia and Cristina Yumie Aoki Inoue, from the same university, in the study *Emerging Donors in International Development Assistance: The Brazil Case*.

In the opinion of Marco Farani, director, ABC could invest ten times more than its current budget. "International cooperation represents Brazil's presence abroad, a political space in the world", he says, using a nice comparison: the GDP of Turkey

PICTURES: HANDOUT



HANDOUT/SENAI

1 Hernandárias center: Paraguayan instructors and Senai program

2 Farani, from ABC: we need autonomy and a bigger budget

vided and whether it effectively helped meet the needs of the poor countries, say the two researchers, whilst also acknowledging that the high number of different cooperation entities and the ABC's lack of autonomy hinder effective coordination of the Brazilian effort (see box on this page). This effort also has little internal repercussion in

Brazil, although it has already attracted the attention of the international press, such as *The Economist*, which a year ago published an article noting Brazil's emergence among cooperating donor countries. This "invisibility" gives it a secondary place in Brazil's political debate, different to what happens in countries that are traditional international aid donors.

Certain political aspects of the Brazilian cooperation system have been criticized — for example, writing off the debts of some countries (a budget item that is part of broader spending on cooperation) — by Ambassador Rubens Barbosa, ex-Brazilian representative in the US

and Great Britain. "I don't question humanitarian aid and technical and technological assistance", he told PIB. "I question actions that don't take into account political aspects; for example, writing off the debts of authoritarian countries such as Congo". In the view of Barbosa, there is no justification for Brazil, a democracy that needs to improve its public services, to write off the debts of non-democratic countries. But he does openly admit: "The international cooperation program is a very serious activity; it is an important arm of foreign policy". ■

is around 1/3 or ¼ Brazil's GDP and Turkey invests 0.6% of its GDP, while the ABC invests only 0.02% of Brazilian GDP. "The Turkish international cooperation agency has a budget of R\$600mn, while ours...."

Since it is merely a division of Itamaraty, the ABC lacks autonomy. It cannot acquire goods and services or hire people from abroad. And if it wants to, it has to contact the United Nations Development Program and other international institutions. "This isn't the ideal situation for the world's 7th largest economy", he laments. He believes Brazilian external aid should be concentrated at a single agency with a fixed staff — the diplomats and employees of Itamaraty currently running ABC can be transferred abroad at any moment — with autonomy and their own

budget. "It's now up to us to get our house in order to be able to operate more effectively in the future", he concludes. "We have

to project Brazil internationally based on its efforts in cooperation — which is an area with massive political dividends".



2

The savanna will become *cerrado*

Brazilians and Japanese repeat in Mozambique the partnership that revolutionized agriculture in Brazil

CECÍLIA PIRES

1 50 Mozambicans recently trained in Brazil by Embrapa (Brazilian Agricultural Research Company) are crossing the Atlantic and returning to their country. There, they will teach their compatriots the agricultural techniques that they learnt at the Center of Tropical Agricultural Studies and Training in Brasília — becoming multipliers of the knowledge brought over from South America. While all this is going on, 80 Japanese scientists and technicians are traveling back and forth between Asia and East Africa, crossing the Indian Ocean, to study soils and crops in the African savannah.

In the midst of this swirl, a veteran Brazilian researcher expresses his excitement: “This project could be the second independence of Mozambique”, predicts Alberto Santana, Embrapa coordinator of the ProSavana JBM (Japan/Brazil/Mozambique) Project — the tri-national initiative at the heart of all this intercontinental movement. ProSavana (whose official name is the Program for the Agricultural Development of Mozambique’s Tropical Savannah) plans to transform the country’s North region (known as the Nacala Corridor) into a food breeding ground. It is crossed by a highway/railroad that leaves the port of Nacala, in the Indian Ocean, and heads

west, arriving at the city of Lichinga, in the interior of Africa.

The program is the passport to guarantee regular food supply for the 20 million inhabitants of the ex-Portuguese colony — today one of the poorest countries in the world, forced to import 60% of its food consumption from its neighboring South Africa. It is also an effort to replicate in Africa the results of Prodecer (the Program for the Development of the Cerrados, or Brazilian Savanna), which revolutionized Brazilian agriculture in the latter decades of the 20th century and converted it into one of the world’s food breeding grounds. Prodecer researchers studied and

PICTURES: HANDOUT/JICA/JUSTIMEIRE MOURÃO

1



Distrito de
Lichinga

corrected the soils of the Brazilian Center-West region, previously considered barren, and developed seeds adapted to the tropical climate. They were thus able to open the vast *cerrados* of the Planalto Central region to export crops, mainly grains such as soybean, creating the bases for development of large-scale agribusiness in Brazil.

The savanna lands of the Nacala Corridor have strong similarities to the Brazilian savanna lands. And rounding off the ties between the two projects, we have the Japanese. The Japanese International Cooperation Agency (JICA), a participant in the Mozambican program, was the provider of technical assistance and financing to Prodecer. Now, the partnership is being repeated in Africa, with two differences: Embrapa, which received Japanese assistance, is this time assuming the role of co-

provider of technical cooperation to a third country; and the Brazilian Cooperation Agency (ABC) is a partner in the project alongside JICA. We are looking at the purest example of the transformation of Brazil from receiver to donator of international assistance.

“The intention is for this program to be a model to be implemented in other countries, as was the case of the Japanese cooperation program for the Brazilian *cerrado*”, says Satoshi

Yoshida – JICA representative in Brazil. The reasons why Japan has maintained and extended the partnership initiated over 30 years ago at Prodecer stem from the excellence achieved by Japan in the agricultural area, which, in turn, results from accumulated experiences in both the field and in tropical agricultural research labs.

**ProSavana
wants to
replicate in Africa
the Embrapa
cerrados
experience**

In Mozambique, the first seeds of manioc, sorghum, corn and beans have already started to be sown in the test fields in the provinces of Nampula, Niassa and Zambezi. There, as in the fields of the Brazilian Center-West, the start of planting coincides with the first rains of October. Initially, three areas were selected (one in each province), totaling 120,000 hectares. In part of them, the provincial governments placed ex-fighters of the Mozambique civil war, which broke out shortly after the independence of Portugal, in 1975. Another part could be used to create productive projects for family-based farming communities or cooperatives of producers.

The objectives of ProSavana cover a 20-year horizon. The first is to transfer technologies and reinforce the research capacities of the Mozambique Agrarian Investigation Institute. In this initial stage, the investment will total

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US\$13.48mn, of which Brazil will provide US\$3.67mn. In its final stage, the program will develop a master agricultural plan for the region. It will be possible to identify the areas with the greatest vocation for family-based farming and those with potential for large-scale agribusiness, among other technical and economic guidelines. “One of the world’s largest banana exporters, the US company Chiquita, has received a concession to operate 2,000 hectares within the project area”, notes Alberto Santana, the Brazilian coordinator of the ProSavana program. “A farmer seeking a concession area will not encounter any obstacles. There is a lot of land to produce on”.

On the other side of Africa, 6,000km from the Mozambican savannah lands, the researcher José Geraldo Di Stefano, also from Embrapa, is busy working on a crucial crop for the survival of small farmers from four sub-Saharan African countries — cotton. Di Stefano has been living for just over a year in Mali, one of the seven largest coun-



tries on the African continent, but still one of the world’s poorest nations. The project that took Di Stefano to Africa, similar to ProSavana, has the support of ABC and is executed by Embrapa (without Japan as counterparty). Nicknamed Cotton 4, its aim is to increase the productivity and production quality of the four countries participating in the project: in addition to Mali, the neighboring countries of Chad, Benin and Burkina Faso (known, in WHO jargon, as the Cotton 4 or C-4 group, due to their economic dependence on cotton).

By cell phone, in a precarious and

intermittent call, Di Stefano told PIB that ten varieties of Embrapa cotton were already tested and compared with local varieties. The research institutions from the region itself are now verifying which are the most apt for production in African conditions. “All of this is very new” he explains. “We have only just started.” The nucleus of the program’s activities is the Experimental Station of the Sotuba Agricultural Research Center, in Bamako, the capital of Mali. There, varieties of cotton are tested and soil types are analyzed.

Embrapa also offers courses to researchers from the C-4 countries

PICTURES: HANDOUT

TROPICAL FRONTIER

IN THE map of the world, the broad strip between the Tropics of Cancer and Capricorn appears dotted with red, orange, blue and green pins. These markings, which appear in a PowerPoint presentation of FGV Projetos (the business arm of the São Paulo Getúlio Vargas Foundation), identify areas of the so-called Tropical Belt, which constitutes the planet’s new agricultural frontier. What the map shows are the countries where FGV has been developing

(since 2007) the preliminary studies of a colossal program of food crop growing and biomass for producing fuels.

FGV Projetos is also responsible for elaborating the Master Plan for the ProSavana program, developed in Mozambique by the Brazilian Agency of Cooperation (ABC) in partnership with Embrapa and the Japanese International Agency of Cooperation (JICA). But whereas the ProSavana is a program of specific cooperation

between two countries, the Tropical Belt is an agro-industrial exploration project spanning 12 countries on two continents. So far, around business 30 opportunities have been identified in countries such as Guatemala, El Salvador and the Dominican Republic, in Central America, all the way down to Senegal, Guinea and Angola, on the West coast of Africa.

The Tropical Belt project emerged from agreements signed by Brazil’s Foreign Affairs Ministry (Itamaraty)



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1 Brazilians, Japanese and Mozambicans in the Nacala Corridor: trilateral project

on the genetic improvement of the cotton plant — a crucial step so that farmers from these countries, for whom cotton is their principal source of income, can compete in better conditions in the global market. Brazil has the technology for this and common interests with the four countries: two years ago, it won in the WTO a lawsuit against the subsidies offered by the US government to its cotton farmers, who offload cotton into the global market at very cheap prices and thus hurt African and Brazilian cotton growers.

This is how Di Stefano ended up in Bamako, where he should stay

until 2012, seeing his family two months per year at the most. In the difficult phone interview with PIB, he said that he was at the experimental station, verifying the cold storage chamber, the seed processing room and the laboratory for creating natural elements against plagues. Di Stefano said that researchers have just started the fertilization process of crops using equipment that perfectly illustrates the creativity of people with scant resources and who need to find a low-cost, but efficient solution. Plastic soda bottles with the bottom cut out and an adapted wooden cable are used as a funnel

to spray the fertilizers and plant seeds into the soil. “These bottles standardize the distribution process and, even better, facilitate the lives of workers”, he says.

The project has a stance of “exchanging know-how”, he says, involving respect for the local knowledge accumulated by African farmers over many years. “We want to improve the genetic base of cotton, but we are not replacing the model”, he says. “We use what we have available to us here: the work of Embrapa is a steady, step-by-step process, to avoid exposing African farmers to a drastic change.” ■

with the US in 2007, and four years later with the European Union, to foster the production of food and bio-energy in Latin America and Africa. To move ahead with the project, the government has signed technical cooperation agreements with several countries from the two regions, and has the support of entities such as BID, OEA, FINEP and APEXBrasil, as well as Vale, one of Brazil’s most internationalized companies.

FGV Projetos, more precisely its “agro” nucleus, coordinated by former Agricultural Minister Roberto Rodrigues and researcher Cleber Guarany, was retained to identify opportunities, structure projects and develop a fund to finance these projects. One of its main objectives is to help attract private investments. “We provide this link between government/public agencies and the private sector”, says Guarany. He highlights the importance of laying

the foundations in order to attract investors. “If there is infrastructure in place, businessmen are more likely to show up”, he says. “Otherwise, the project becomes unfeasible.”

Similar to ProSavana, Tropical Belt involves cooperation, in the project areas, between the large exporting agro-industry and small family-based farmers. Starting in the initial study phase, researchers should identify the most adequate lands for each type of project.

Interview

Daniela Barone Soares

The great talent of this Brazilian woman in London: to teach NGOs to operate as efficient companies, not posting profit but a high-quality social impact

NELY CAIXETA

Daniela Barone Soares, 41, from Minas Gerais, was doing very well and making a lot of money in the London financial market when she decided to turn things on their head and work with NGOs. But without ever forgetting her work roots: in her new job she uses, with great success, the lessons learnt from her MBA at Harvard Business School and from working at banks such as Citi, in Brazil, Goldman Sachs and IB15 M. After five years in charge of Impetus, a British NGO committed to improving the efficiency and results of other NGOs, Daniela has almost tripled the volume of funds raised, quadrupled the number of organizations served and made the company a reference. In 2008, she featured in the Independent newspaper's Happy List, containing the 100 people who make England a better place to live. And she also writes poetry and runs marathons.

Do you apply techniques typically used in the business world at Impetus?

I like business, I think like a business person, and that's how Impetus is run. We use metrics, governance. The difference is that our result is social, and not financial. My way of managing Impetus is totally focused on results, on efficiency, on delivering what was planned. The people who work at Impetus look at our NGOs with those eyes, applying management, monitoring, impact-gauging techniques, all of that. Such an approach ensured a more focused working methodology. We guide and instruct the organizations so that later on they can stand on their own two feet and go it alone. As a result, they become increasingly efficient.

How is the work done?

We supply resources and advice to other NGOs to help them implement their business plans. Not to build schools or anything like that. We are talking about money and work invested in projects for the organization as a whole, for developing its skills, its organizational infrastructure, so that it can prepare to achieve much bigger social objectives. We help the NGOs to elaborate a business plan, generally lasting 3-5 years, and then we track the implementation of its project. For example, one of the NGOs supported by Impetus worked with needy children from families with little or no education and no in-





Philanthropy with results

centive to continue studying beyond second grade. Its involvement was to encourage young students to go to university as a form of social mobility. It was a very small structure. Our work with this NGO was to expand the project and replicate it in six London districts. We implemented all six projects in three years, benefiting a total of 5,500 youngsters. Now we are in negotiations to expand this system to the rest of England. It is this social impact that our planning method produces.

Are Impetus professionals hired employees or voluntary workers?

Both. Impetus has a contracted team that coordinates the relationship with the partner NGO from start to finish. And it also monitors. We have what we call “key performance indicators”, a form of registering and accounting the performance of our NGOs in the three sectors where we work with them – financial, operational and social. We invest in 23 NGOs, of which 6 have already completed the cycle with us and are no longer active in the portfolio. And in several areas we also use specialists who we, let’s say, convince to work with us, to donate the same service they provide to make a living. We are talking about 150 registered professionals, who carry out consistent work with the NGOs that we support, in addition to several companies with whom we have an informal agreement to make major donations (of services). They are all volunteers, people from all areas – lawyers, executives from banks, Human Resources personnel, and people from recruitment agencies. We don’t go after volunteers to perform manual labor, there are thousands of these people. What we want at the NGOs is to use the expertise of an individual, what he

or she does in their daily job, commercially, to make money. And this is the type of work they will provide, for free, at the NGO.

Tell us a bit about your own story. How did you arrive at Impetus?

I lived in Brazil until I was 25. I left to take my MBA in Harvard and I stayed in the US, working in the financial market. My main activity in this period was in private equity, investing in companies that we advised and financed in order to grow them and multiply their value. When this happened, the company was sold. What I do at Impetus is very similar.

The big problem in Brazil is the lack of a credible body to guarantee that: “This particular NGO is legitimate”

Had you already worked at NGOs?

I have been doing voluntary work since I was 12. I was always very involved; I always wanted to make a difference. As I did more and more voluntary work, I saw that my business knowledge was a real asset at the NGOs where I worked.

And what was the path from New York to London?

The private equity company transferred me to London and I continued working there for another 3 years. I wanted to switch areas, but I didn’t know how. Finally, I left the financial market and was later hired by Save the Children, a large inter-

national NGO where I worked until 2008. There I ran four management areas. That was when I really knew that I could put all my knowledge of business, planning, strategy and analysis to good use, to help an NGO have a real social impact. From Save the Children I went to work at Impetus.

So Impetus already existed?

Yes. It did the same thing that it does today, but it was very small, with basically four people working there. I was hired to transform Impetus into an organization capable of standing on its own two feet. Today we have 20 employees and are a successful organization. Proof of this is the fact that we have just won a government tender to manage a 15-year £125mn fund designed to improve the school performance of poor, underprivileged students, in every sense of the word, in the educational system.

Do you follow the situation of NGOs in Brazil?

From a great distance.

As you are probably well aware, we have seen (and continue to see) cases of misuse of public funds administered by these organizations, which affects confidence in the sector.

That’s true. The main problem in Brazil is that there is no agency with the credibility to guarantee that: “This NGO is legitimate”. And since many people use the structure of NGOs to make money illegally, everyone ends up being tarred with the same brush. No one trusts the NGOs and this is terrible for a country like Brazil, which has no tradition of making donations. It becomes just another excuse for no one to donate. We need a serious entity

that vetoes rogue NGOs and guarantees that a particular NGO is indeed legitimate and does indeed do what it is intended to. In the UK we have the Charity Commission which, for better or worse, regulates the sector - 99% of the registered organizations are genuine NGOs. Another problem, that occurs both in Brazil and here, is the proliferation of NGOs. There are 170,000 in England. It's ridiculous. I was criticized heavily when I said in an interview that not every NGO deserves to survive. I believe strongly in this. The first thing that a person starting an NGO needs to discover is who else is doing it and if it is really necessary.

If it isn't, it becomes a bunch of people doing the same thing two or three more times.

Exactly. I think one of the roles of the regulator should be to limit the creation of NGOs. Anyone can open a new NGO. If I say I want to open one, Charity Commission will check why, how much I have, and what I want to do. It checks statutes on the use of money, it inspects, and it oversees. This ensures legitimacy. But when someone is looking to open an NGO to help the homeless, no one ever says: "There are already hundreds of these. Why open another one?". The market law also applies here.

What do you mean?

Just compare. Why aren't there countless numbers of brewers, for example? Because no one will be able to compete with the most efficient in marketing, price and everything else. The social sector is lacking a certain 'natural' market regulation, in quotes, because there's nothing natural about it. There is nothing to stop someone starting an NGO and collecting a bit of mo-

ney, and continuing to run that NGO with a little bit of money. We end up with a situation where there are lots of little things happening, but with no efficiency, no real impact.

Is there any way to assess the social impact of an NGO?

Unfortunately, we have yet to arrive at a universal methodology. It is very difficult to assess criteria in the social area. It would be great if there was a methodology for assessing the social impact in a more uniform way, something that enabled us to compare organizations when deciding to donate money. This would naturally create a selection process, avoid-

I was criticized heavily when I said in an interview that not every NGO deserves to survive. I fully believe that

ding a situation where people just donate money randomly to NGO X, Y or Z.

Have you ever been asked to do something in Brazil?

I was asked several times, but I couldn't accept. The invites were either to be part of something or something already up and running, and I didn't find them interesting, or to start an Impetus in Brazil. I always said that I am very interested in supporting someone starting up in Brazil, but I myself, personally, would definitely not start from scratch. It's too much work! It's only now that I have managed to get a

team here at Impetus, to delegate functions. I don't want to lose that. I want to continue climbing the ladder.

You have dual citizenship. Why an English passport?

Ah, it makes everything so much easier. I live here. But I insisted on not losing my Brazilian citizenship. No way. But I live here and I want to vote, I want to have my rights as a citizen.

And do you manage to find any time for yourself?

Incredibly, I do. It's a bit of a struggle, but I do. I had a lunch with the owners of Impetus to celebrate my five years there and I said: "Now I want my own life". Because at the start it was almost 24/7. I used to joke with my father: "I work like an investor in the financial market and I make NGO wages".

What was it like running the Athens marathon last year? Did you run all the 40km?

Not 40 - 42.2km. It was to celebrate 2,500 years since the very first marathon. It was a major initiative by 250 runners to raise 2.5 million Euros for various NGOs. That was what made me participate, but when I saw the course... Athens is insane! When I enrolled, I had no idea. Full of hills, 30 degrees... It was really tough, but it was worth it. My mind was in good nick. Running a marathon is 99% in the mind. The body has to train, of course, but if the mind is off... Because everything hurts!

Are you a demanding boss?

Yes, really demanding! My employees suffer. But I always say: they suffer because I hire people who are better than I am. ■



CENTRO DE OPERAÇÕES PREFEITURA DO RIO



1 Operations Center: controlling events...

2...such as the recent Rock in Rio events...



The eyes of Rio

City Hall Operations Center is part of preparing the city for the World Cup and Olympics

ARMANDO MENDES

Up until 2010, Singapore, New York, Tokyo and Madrid were the world's most "intelligent"

cities in the opinion of specialists and scientists from IBM, the computer and IT multinational giant. Rio de Janeiro has since been added to the list, after the start-up of a public operations monitoring center, developed by IBM and Rio de Janeiro City Hall, which compiles and collates information from municipal bodies and other sources (an intelligent city, in this sense, uses information technologies to improve a city's public services).

"IBM considers the Rio de Janeiro Operations Center the most modern anywhere in the world", states Pedro Almeida, a director at the Intelligent Cities division of IBM Brazil. "The IBM showroom is now the Rio Operations Center". So much so

that IBM chose Rio to conclude (in November) its 100-year anniversary festivities, celebrated in 2011 – without ignoring the city's world-famous

charms. Each metropolis has its own problems, and the Rio Operations Center was created with the aim of enabling the municipal government to respond to the city's historical vulnerable points – e.g. flooding and

landslides caused by heavy rain in the summer season, which destroy houses and kill those living on the hills of Rio.

The idea is to bring all the city's crisis and emergency situation administrators (i.e. firefighters, police officers, Civil Defense and traffic, health, water and energy utilities) together in one location, and give them filtered, analyzed information to take quick-fire, accurate decisions in the event of natural disasters or incidents such as large traffic jams.

IBM believes the Rio Operations Center is the world's most modern



HANDOUT/IBM

BRUNO LIMA/IMAGE.NET

And, even better, to be able to predict natural accidents before they happen, to warn the population and prepare government response actions, and to plan the major events that make Rio the global attraction it is – Copacabana New Year celebrations, Carnival, mega shows such as Rock in Rio and, in the near future, the 2014 World Cup and 2016 Olympics.

The place where all this is starting to happen is a large room lined wall-to-wall with electronic maps and giant screens, in a building in the district of Cidade Nova (downtown Rio). This is where experts and representatives of the 30 municipal bodies responsible for making the city run perform real-time monitoring and analysis of the information collected by various municipal systems and analyzed by computer-run analytical programs. The Center integrates information from pre-existing systems (e.g. traffic cameras in crucial points of the city) and from



other systems created or adapted to the specific conditions of Rio. In this latter group, the star attraction is PMAR (High-Resolution Weather Forecasting), a meteorological system in its final calibration stages and which enables the user, for example, to predict flooding 36 hours in ad-

vance.

The PMAR doesn't collect weather information directly. "It is what we call a predictive system, an analytical system that makes forecasts", explains Pedro Almeida. This means that PMAR gather and analyzes, using mathematical mod-

BRAZILIAN LABORATORY IN THE IBM GLOBAL NETWORK

BRAZIL BECAME part of IBM's global scientific network last year, when the company set up a research laboratory – the ninth in the world (the Rio Operations Center was one of the Brazilian laboratory's first work projects). Brazilian scientists based in São Paulo and Rio can now take part in international projects in partnership with colleagues from other countries and can also develop their own research, explains Erich Clementi, global services vice-president.

■ **Brazil's recent economic growth has prompted an expansion of Brazilian companies abroad,**

as part of the global trend of the "emerging multinationals". How can IBM profit from this?

We believe that one of the reasons why IBM has been successful for 100 years is due to our ability to understand the market, react and transform ourselves according to clients' needs. In terms of operations in Brazil, IBM opened its first office in 1917. Brazil has many attractive business dynamics such as economic stability, maturity of the Brazilian domestic market and the abundance of natural resources. Additionally, we are seeing open space for tech-

nology adoption to help Brazilian cities and companies to work smarter.

■ **A Research Lab has been set up in Brazil by IBM. Could you give us some examples of how research and development is being done to respond to specific Brazilian demands?**

Brazil was the first research laboratory location for IBM in the Southern Hemisphere. The research team focuses on four areas: discovery, exploration and logistics related to natural resources; smart devices in semiconductor area; innovation with emphasis on large-scale events,



HANDOUT IBM

1 Almeida:	2 Clementi:
forecasting	unique
success rate	opportunities
of 70-80%	in Brazil

also plugs in historical rainfall levels, the geological and topographical mapping of the city, the sea tide chart and the wind regime. After everything is filtered, digested and analyzed, the PMAR, according to IBM, will have a forecasting success rate of 70-80% - considered good in this area. “Our system integrates all the information, to the extent that it has a much greater chance of being right”, says Almeida.

If the forecasts indicate risk of flooding and landslides, community agents trained to alert those at risk and take the necessary measures are called into action – in the most extreme case, inhabitants living in an ‘at-risk’ area are even removed from their homes. Almeida admits that the Center’s technological equipment is only part of the solution. It is important to prepare officers and the population itself, via training and simulations, to respond to the alerts. “This process takes at least another

6-12 months”, he estimates. “That’s what we did and continue to do”.

Systems like these can be replicated and adapted to control traffic, for example; or improve safety conditions, as in New York, where data from police files are continuously updated and analyzed to offer the police real-time information (the New York system is called Real Time Crime Center). “Work we’re doing with clients like the Rio de Janeiro Operations Center could certainly scale to other markets.”, says IBM global senior services VP Erich Clementi, who recently visited São Paulo (see interview below). Almeida adds that the host cities of the 2014 World Cup soccer games are natural candidates to receive similar projects. ■

els, data from all available sources in order to predict the weather. It uses data from CPTEC (linked to the Ministry of Science and Technology), the Agriculture Ministry, Rio City Hall weather radar screens, NASA satellites and other organizations. And that’s not all – it

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such as the World Cup in 2014 and 2016 Olympics; and Services Science, focused on the understanding, modeling and simulation of systems aiming quality, efficiency and productivity. One major achievement of Brazilian laboratory is the PMAR, a forecasting system designed for Rio de Janeiro Operations Center.

■ **Brazil was the third big emerging country to get a IBM Research Lab, after China and India (12 years after India, in fact). Why has your company taken so long to set a lab in Brazil?**

I won’t speak for my colleagues in

IBM Research that make investment decisions on their lab locations. But I do know that the Brazil lab is integrated into IBM’s worldwide research and development organization to enhance scientific discovery around some of the planet’s biggest challenges. Brazil’s abundance of natural resources and technical talent present unique research opportunities. In addition, the combination good and stable economic environment, government support on innovation, strong business and economic development created a strong case for this investment.



HANDOUT IBM/MARIO BOCK

2

1 Adorno, of FlexDeck: partners over the Internet...

2 ...to export wooden decks for swimming pools



1

Global business over the Internet

Small- and mid-size companies are exploring the export market with the help of tools such as Alibaba.com and PayPal

ANTONIO CARLOS SANTOMAURO



HANDOUT

2

How to become known in the global market? How to find reliable international partners among countless potential candidates in the target countries? Questions such as these cause sleepless nights for any company planning to export or explore other forms of internationalization. For small- and mid-sized companies, lacking both the human and

financial resources and access to key information of large companies, these difficulties are usually even more pressing. The situation, however, is changing. Smaller-sized Brazilian companies have found a firm ally in the Internet, the great distance closer and informa-

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**Only 2%
of small
Brazilian
companies
are able
to export**

tion provider. Examples of this are 100% Amazônia (from Belém do Pará), an exporter of Amazon rainforest products; and Masterink, a Pará-based producer of printer cartridge refill equipment.

The Internet helps smaller firms get past some of the shortcomings



1 FERNANDA STEFANI

TO SELL AND RECEIVE

CREATED IN Hong Kong around 12 years ago, Alibaba (www.alibaba.com) is now the worldwide leader in the segment of b2b online transactions designed to bring small and medium-sized companies closer together. In an area generally dominated by heavyweight US players from Silicon Valley, the Chinese exception seems to underscore the enormous importance of small and mid-sized companies in the economy and in the Asian export business. Indeed, Asia also produced some of Alibaba.com's main competitors, such as EC21 and Global Sources. But Alibaba.com was the site that made its founder, Jack Ma, a multi-millionaire symbol of the new entrepreneur of the Internet, especially in Asia.

Last year, Alibaba.com's stockholders received a heavyweight addition to the team in the shape of billionaire investor George Soros.

Around 18 months ago, Alibaba established a direct presence in Brazil by partnering up with the international commerce constancy firm Luda Trade. Worldwide, the portal currently has around 15 million registered companies. In Brazil, 300,000 firms have already signed up to the portal, according to Luda Trade sales director Diego Espindola de Magalhães. These numbers include clients from the two forms of enrollment accepted by Alibaba.com: free and paying users. The latter (denominated gold suppliers) receive the advantage of having their data validated by the portal, making them more reliable in the eyes of potential clients with whom they will probably only have contact via the web.

At the start of this year, accusations of frauds in this certification process (restricted to China) led Alibaba's CEO to resign. The company

reimbursed all its affected clients. In Brazil, to become a gold supplier of Alibaba you have to invest R\$12,000 per year. According to Magalhães, Brazilian paying users of Alibaba receive an average of 1,500 site visits per week – which in turn generate an average of 40-50 weekly queries. Magalhães says that Luda Trade's commercial package also offers subscribers export qualification actions and all the necessary support for using the platform.

Created in the US around 10 years ago, PayPal (www.paypal.com) seeks to offer a safe environment for paying Internet transactions. On its platform, both sellers and buyers can register. The buyers, once registered, will not need to reveal their credit card data on the sites of sellers who are also PayPal subscribers. Thus, they eliminate the risk of revealing these data to unknown sites on which they want

1 Fernanda and Joziane: Amazon products for the world

2 Jack Ma: Internet icon in Asia

that were limiting their access to the export market, by providing them with tools of direct commerce and facilitated payment forms, services developed in the very whirl of technological innovation triggered by the internet. Two increasingly popular tools are the Chinese b2b (business to business) e-commerce platform Alibaba.com, and the US electronic payment system PayPal. Operating in Brazil for the past 18 months or so, Alibaba.com arrived

The Internet gives companies weapons to compete globally

in Brazil with an eye on small- and mid-sized companies. “In Brazil, our main challenge is to promote the export culture at smaller companies”, highlights Diego Espindola de Magalhães, sales director at Luda Trade – Alibaba.com’s official representative in Brazil. “Only 2% of small Brazilian companies export; in countries such as China and India, this percentage is much higher”. Alibaba.com is a site for inter-

company transactions (not between final consumers and companies). Via the site, companies can find suppliers, partners and buyers from all over the world. PayPal is a type of worldwide payment center, which centralizes and endorses to sellers and buyers of products and services the information related to the payments (for both large operations and also for those who don’t even have a site). It is used by both companies and also freelancers (translators, for example) who provide services

to buy products. PayPal offers guarantees to both parties: “If a buyer doesn’t receive an item paid for via our platform in 45 days, we reimburse the client”, explains Mario Mello, president of the company’s Brazilian operations. “And if the product acquired is delivered at a physical address by one of the companies with whom we have an agreement (Brazilian Postal Service, FedEx, UPS, DHL, Direct Transport and Total Express), the seller will be reimbursed if it isn’t paid by the client”.

According to Mr. Mello, PayPal currently has around 100 million active users worldwide. In Brazil (where the company has officially been operating since April), there are already 2.7 million users, including around 30,000 companies who accept this system for paying for their products and services.



2 TERRY CHAN

to clients in other countries. “We offer security and simplicity to e-commerce”, says Mario Mello, president of the company’s Brazilian operations. “This is very important for this type of transaction – surveys show that 18% of US citizens only buy online because PayPal exists.” (read more about Alibaba.com and PayPal on page 68).

The global reach of such services is the main attraction to small exporters. From its plant in Maringá, Masterink supplies printer cartridge refill equipment to over 20 countries, including Portugal, Spain, Italy, France, India and Egypt. Many clients from these countries arrived at the company via the e-commerce portal. After almost one year using the portal, our exports rose from around 10% to 30% of revenues, says Marcelle Lima, the company’s export analyst. “I receive 10-15 queries via this portal each day”, she says.

The PayPal system is used for most of the payments made by buyers of OrthoMouse, an orthopedic mouse created by Doctor Julio Segalle (from São Paulo). When treating his patients’ hands, Segalle identified a common cause of problems: the intense and repetitive use of computer mice. He thus developed a type of orthopedic mouse designed to prevent injuries. Just over 3 years ago, he formed Orthovia, a company that now sells OrthoMouses in Brazil and in another 40 countries, including the US, Canada, Venezuela and Japan, and European and Middle East countries. Abroad, the mouse’s different versions are sold for US\$100-150. Monthly sales total over 2,000 mice, of which 80% are exported.

**Each week,
100%
Amazônia
receives around
10 queries via
Alibaba.com**

Larger-sized international distributors pay their invoices via conventional banking means, such as electronic transfers. But smaller distributors and final consumers prefer to use PayPal, whose commissions vary between 5.4% and 7% of the transaction amount. “It is a significant cost, but it generates returns”, says Segalle. “This system is present worldwide, and many people feel

safer when they can use it to reveal their credit card data”. Last year, Segalle received the Innovation award from Finep (Brazilian Study and Project Financing Agency) and used the proceeds to launch two new products: the laser and wireless versions of his orthopedic mouse.

100% Amazônia, the Belém company that exports Amazon rainforest products (such as açaí, cupuaçu and bio-jewelry) to European and Asian countries, the US and Canada, uses both Alibaba.com and PayPal. It mainly uses PayPal to receive freight amounts for sending samples (shipped for free), while payments for its exports are usually made via bank transfers. “The fees charged by PayPal are high for companies who, like us, sell inputs to other industries”, says Fernanda Carvalho Stefani, partner-director of 100% Amazônia. “They even surpass our profit margin, of approximately 3%.”



In her view, PayPal is better suited to companies who sell directly to final consumers and thus “obtain higher margins”. Alibaba.com, in addition to generating new business opportunities in markets where the company was already present, has created new markets for 100% Amazônia such as Slovakia, Malaysia and Vietnam. “We basically do business in the export market”, says Fernanda. “Each week I receive around 10 queries via Alibaba.com – including from Brazil.”

Fernanda’s criticism of the fees charged in billing operations reinforces the observations of Paulo Cesar Alvim, Market Access and Financial Services Manager at Sebrae (Brazilian Support Service for Micro and Small Companies). Paulo recommends a thorough analysis of the correlation between each company’s costs and benefits to assess the convenience of using digital relationship alternatives. But he highlights that platforms such as these can help to insert small Brazilian companies into international commerce. “They give visibility to production and reduce costs (mar-



ORTHOMOUSE/HANDOUT

possible partners, from negotiations to preparing marketing materials in local languages”, says Renaud Adorno, the company’s partner-manager. FlexDeck currently has around 30 employees and already exports to the US, where it derives around 40% of its revenue (he wouldn’t disclose the exact amount). “We plan to boost this share of the export market to 70%”, adds Adorno.

In the opinion of Paulo Alvim from Sebrae, it isn’t enough for a small company to simply use the services of these digital platforms to insert itself into the international trade scene: it needs to be prepared to meet the multiple demands of this market. It is fundamental, for example, to offer products suited to international clients’ expectations and to be qualified in areas such as legislation, logistics and post-sales. To obtain this qualification, he recommends institutions such as Sebrae itself and ApexBrasil (Brazilian Pro-Export and Investment Agency). In the view of Fernanda, from 100% Amazônia, those looking to do business over the Internet also need to ensure a “solid online reputation”. A good way of doing this is joining the international credit information provider system Dun & Bradstreet (100% Amazonia is a member). Mr. Adorno, from FlexDeck, also notes that other digital tools can expand small companies’ international business. “Google Adwords (word and link search engine), for example, works all over the world”, he says. ■

keting and travel, for example) that companies otherwise wouldn’t be able to afford”, he says.

An example of this is FlexDeck (from Distrito Federal), a producer of wooden decks for swimming pools. Alibaba.com was useful when FlexDeck needed to find an international partner, with whom it

will start selling its products in the Middle East next year. Via the same platform, the company has already contacted other possible partners in countries such as Australia, Germany, France, Mexico, the Dominican Republic, Pakistan, Japan and Slovenia. “We are currently in different relationship phases with these

- 1 Segalle: orthopedic mouse for 40 countries
- 2 Marcelle, from Masterink: tripling exports



1

The Flemish gateway

Brazilian companies choose Flanders, in north Belgium, as the gateway for their products in the European market

ANDRESSA ROVANI

Almost two years ago, Biorigin (a biotech company specialized in developing ingredients for human food and animal nutrition) decided to open a subsidiary in the city of Antwerp – one of Europe’s leading ports, deep in the heart of the Flanders region in Belgium. Headquartered in Lençóis Paulista (São Paulo), Citrovit specializes in developing yeast extract byproducts, which simulate the salty taste and help reduce the amount of salt used in food. “Since the European market was always very important to us, we decided to open an office with a storage area

there in order to speed up our product delivery time”, says Biorigin director Mário Steinmetz.

Now with a foothold in Europe, Biorigin plans to cancel out an advantage of its European competitors (who were able to deliver their products more quickly to European countries) and capture previously inaccessible clients. “Large buyers don’t care where the product comes from, only if there is local inventory to meet their needs”, says Steinmetz. The company’s efforts are already bearing fruit: since opening its office in Flanders, Biorigin’s sales to the European market are up 30%. And the company now plans to start

exporting the items produced by its Louisville plant directly to Europe.

Just like Biorigin, other Brazilian exporters are looking to set up distribution centers at strategically located ports. Groups such as JBS, Zilor, Votorantim, CBL and Fisher use Antwerp’s intermodal transport network to distribute their products in the European market. The choice is no coincidence. The Flanders region (which corresponds to Belgium’s piece of Flemish tongue – an offshoot of the Dutch language) is the center of a logistics chain that reaches, in a 600km radius, 60% of Europe’s purchasing power, and it wants to attract more Brazilian com-

1 Port of Antwerp: second largest in Europe	2 Orange juice concentrate: close to the market
---	---

panies, competing with other large ports such as Hamburg (Germany) and Rotterdam (Holland). To meet this target, it has been strengthening the presence in Brazil of Flanders Investment & Trade (FIT), its investment agency, which works both ways: helping Flemish businessmen/exporters to consolidate their businesses in Brazil, while also assisting Brazilian companies interested in establishing a presence in Europe.

Location and easy access to buyers influenced Biorigin's decision to choose Flanders, says Steinmetz. But the deciding factor was the region's infrastructure – here meaning the region's four ports, starting with Antwerp, the second largest in Europe (after Rotterdam). Another of the region's ports (Ghent) specializes in ores and orange juice and its main trade partner is Brazil, which accounts for 12% of all cargo handling (the other two ports are Ostende and Zeebrugge). The importance of the logistics chain is reflected in the region's weighting in Belgium's foreign trade. Today, over 80% of the exports and imports registered by Belgium pass through Flanders. Hundreds of years ago, this trade outpost already played a fundamental role in the development of European trade. Bathed by the North Sea, Flanders was the starting point of a trade route that extended to North Italy, passing through France and forming one of the main European economic axes. The exchange of goods and the sale of woolen fabrics (produced using wool from England) made Flanders a rich region, and one of the most urbanized in Europe, instilling a trade spirit in its economic profile that

remains very much in place today.

Today, the main products received by Flemish ports are ores, vehicles and pharmaceutical products. Ratifying the region's trade outpost vocation, one in every three products that pass through Flemish ports goes to Germany or France. In the Brazil-Flanders route, 25% of all exports are ores (such as coal, iron ore and kaolin – used to make high-quality printing paper), and 20% are food products, according to 2008 data. In terms of foodstuffs, orange juice is the main product. Since 1993, Citrovida (a subsidiary of Votorantim), Brazil's third largest orange

Almost 70% of the orange juice exported by Citrovida goes through Antwerp

juice exporter, based in Catanduvas (São Paulo), has had an orange juice concentrate distribution center (with orange juice storage capacity of 33,200 tonnes) in the Port of Antwerp. Today, around 70% of the company's exports pass through the Port of Antwerp. In the opinion of Citrovida, the quality of the Flemish ports was decisive in choosing its European distribution center. "In addition to modern equipment, the quay (depth) and the quality of the access routes meet the company's logistical needs", says Fábio Madeira da Silva, Citrovida's logistics manager. "The choice of Antwerp also considered the port's geographic location, close to the main consumer centers", he concludes. ■



HANDOUT/ CITROVIDA



HOTELS...

Room with a view

NOWADAYS, CORPORATE BUDGETS covering employees' daily travel expenses are a bit of a rare commodity, but if you are the partner or owner of your company then maybe you would like to cause a good impression on your local contacts in London with the address you're staying at. The investment starts out at 495 pounds per day and guarantees you the most basic (let's say) of

the 45 apartments and suites of the recently inaugurated 45 Park Lane, in Mayfair. Everything is spectacular at the latest of the Dorchester Collection group's hotels, starting with the fact that all the rooms look out onto Hyde Park. The New York architect, designer and painter Thierry Despont was given the mission of using the building's relatively compact size to give the new hotel the look of a fancy, sophisticated

residence – which he achieved by adopting a repaginated art deco style, making heavy use of clear colors and refined materials. The hotel boasts a permanent collection of contemporary English artists and the restaurant is headed by the Wolfgang Puck, creator of Spago, the eternally cool Beverly Hills trattoria. Breakfast, as always in London, isn't included, and will cost you an extra 30 pounds (www.45parklane.com).

AIRPORTS...

Creature comforts are back

AMERICAN AIRLINES IS the first US company to announce the return of luxury gadgets service for first-class passengers, a distant memory of the times of the extinct PanAm and the glamour years of the airline industry. The novelty debuts on the London-New York route but will shortly be included in all of the company's intercontinental flights, Brazil included. In addition to chairs that transform into perfectly horizontal beds, the service includes pajamas, slippers, silk duvets, feather pillows, a bathroom kit with premium products and other luxuries. Asian airlines were the pioneers.

GASTRONOMY...

Bona-fide trattoria

THE ITALIAN GASTRONOMIC scene in São Paulo is entering into a third phase, after the aged cantinas of Bela Vista (with their hearty dishes adapted to what Brazilian taste buds are believed to like) and the deluxe, ultra-expensive gastronomic temples such as Vecchio Torino and Fasano. Now it's the turn of the trattoria headed by authentic (or quasi-authentic) Italian chefs, with flavors and techniques more reminiscent of the simple, genuine and contemporary Italian cuisine. Three of them:

■ **AT OSTERIA** del Pettiroso, the Roma-born chef Marco Renzetti serves up typical Roma dishes such as filleted porchetta (roast piglet) and the famous tonnarelli (type of spaghetti with a square instead of a cylindrical section), homemade and served with guanciale (fresh bacon) sauce, goat's cheese (pecorino) and red pepper. (www.pettiroso.com.br [4])



DIVULGAÇÃO ANIALL CLUTTON

1



DIVULGAÇÃO

AVIATION...

2

1 Suite with view at 45 Park Lane

2 VIP lounge for everyone: Los Angeles

3 São Paulo: Picchi and other fine trattoria are in demand

Why not be a VIP as well?

JUST AS GOOD as flying business (or first...) class is the access it gives you to airlines' exclusive VIP – an oasis of tranquility and a refinement in the noise of the airport hustle-and-bustle. A new trend, or rather a new business, has already established a solid foothold in the US and even allows passengers flying economy class to visit exclusive lounges – all you have to do is pay for it(!). We are talking about independent spaces, with no ties to airlines. Airspace Lounge (www.airspacelounge.com [1]) unveiled its first unit in May at the Baltimore–Washington International Airport and has said it will open another 75 around the world. The entry fee costs between US\$17.50 and US\$45, depending on demand. At the international terminal of LAX (Los Angeles Airport), the reLAX Lounge (www.relaxlounge.com [2]) charges 15 dollars an hour, 30 dollars for three hours and 50 for the full day, and can also be visited by those merely waiting for friends or clients to arrive. The Lounge, located in Terminal 4 at New York's Kennedy Airport (www.theloungeJFK.com [3]), charges 40 dollars for 4 hours. You can even take a nap.

■ **AT THE** Marina di Vietri, the Salerno-born chef Vincenzo Vitale serves up one of his glorious home town dishes, spaghetti a vongole, the restaurant's specialty together with lamb chops. Elected the Best Trattoria in 2011 by VEJA S. Paulo. (www.marinadivietri.com.br [5])

■ **PIER PAOLO** Picchi was born in São Paulo but has Italian DNA, thanks to his family history and the 8 years he spent in Italy cooking for renowned chefs such as Gianfranco Vissani, in Umbria, and at important restaurants such as Balzi Rossi, in Liguria. The menu of the restaurant bearing his family name reflects the rich mosaic peninsular, with an eye on São Paulo customers who also appreciate the unassuming elegance of the restaurant (www.picchi.com.br).



DIVULGAÇÃO/MAURO HOLANDA

3



MAP OF THE MINE...

Ticket to India

THE US EXECUTIVE Travel Magazine publication spoke to five foreign senior management executives working in India and obtained invaluable tips for those looking to do business with India, a partner of Brazil in the so-called BRICS club. The country's weak points: excessive red tape, widespread corruption, strong cultural differences. Strong points: growth rates that China would be proud of, generalized use of the English language, a young, cheap and well-qualified labor force. Some tips:

- **PERSONAL CONTACT** is highly valued; agree to driving two hours in the chaotic traffic to resolve a matter that in the Western World would be resolved by e-mail.
- **SPEND TIME** and money (consultancies...) to understand the regulatory, fiscal and legislative framework.
- **ONLY WORDS** written into contracts are valid, so put everything important down in writing.
- **NETWORKING (PEOPLE, companies and associations)** is everything.
- **"YES, SIR"** may only be a polite response in a country where a "no, Sir" is considered rude. Always work under the assumption that the deadline may not be met.
- **SEEK TO** learn the local way of speaking English. Example: Indians abbreviate the name of months and say "Feb" instead of "February".
- **INDIA'S FAMOUS** diversity can be seen in its four metro stations (New Delhi, Bombay, Chennai and Calcutta), which are all completely different.

SURVIVAL

Save yourself, if you know how to

THE SURVIVAL RATE in air accidents has soared since the start of the jet plane era and could be even higher if passengers actually knew what to do in emergencies. When US Airways' Airbus 320 landed in the middle of New York's Hudson River in 2009, only 10 of the 150 passengers remembered to grab their lifejackets before leaving the aircraft (everyone survived). An article by the Wall Street Journal shows

that passengers who react first are the ones that survive (an amazing 6% have problems opening their safety belts). British Airways offers a 1-day training program to British Petroleum executives and will extend this course to everyone in 2012 (it costs USD210). To see the report and video, visit: <http://online.wsj.com/article/SB10001424052970204138204576598773620831448.htm>

1 India: discover the treasure map

2 Balloons in Cappadocia: booming tourism scene in Turkey

3 A380 in Brazil: in principle, yes. But...

UNPRECEDENTED

Turkey is booming

THE POLITICAL INSTABILITY in the Middle East isn't affecting tourism in Turkey, which is breaking records thanks to its good relations with neighboring countries, a weak currency and attractions for all tastes. Istanbul hotels have the highest occupancy rates in Europe in 2011, the resorts have had to turn people down and even convention center agendas are all booked up for 2012.

ISTOCK



2

INFRASTRUCTURE



ATRIBUS S.A.S. 2005 - PHOTO BY EXM COMPANY/H. GOUSSE

The giant is coming (well, one day...)

The Emirates airline has obtained a pre-operating permit from ANAC (Brazilian airline regulator) to fly to Brazil (Dubai-São Paulo) with its Airbus A380, the world's largest aircraft (with two floors), but the first flight won't be any time soon. Guarulhos Airport will have to adapt its modest infrastructure to receive the giant, and the same goes for other airports that could be used as an alternative. Air France's A380 aircraft has been flying to Johannesburg since last year.

3

Punta del Este and Montevideo

Danilo Andrade Maia

For the past 20 years, Danilo Andrade (a lawyer from Rio Grande do Sul) has been coming to Punta del Este, the charming Uruguayan summer city only a 90-minute drive from the capital city of Montevideo. In Punta, as those more familiar with the city like to call it, the Atlantic Ocean touches Rio da Prata, which bathes both Uruguay and the neighboring Argentina (Buenos Aires is a 40-minute flight away, which explains the invasion of Argentineans in the peak summer months of January and February). Founded less than 200 years ago, when porteños (people from port cities) from both sides of the river imported fashion and customs from Europe, Danilo says Punta is still the city of the outdoor bistros, pastry shops, cortados (espressos with milk), the wooden piers over the sea, the absence of iron gratings, sumptuous gardens, clean beaches and streets, warm days and cold nights, sophisticated stores, unpretentious yet classy architecture, restaurants and the famous Conrad hotel/casino. But all this isn't just for leisure – Punta is also where South American executives and businessmen like to bring guests from all over the world to discuss and close business deals created by the continent's growing integration with the global economy.



2 HANDOUT



1 Punta:
yachts, coffee
bars, elegant
stores and
good business

2 Guappa:
a view of
the bay and
trendy snacks

3 Bather:
“Tame” and
“violent”
beaches
guarantee
excitement
until the
night-time

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1

If you have a few hours...

PUNTA IS A LAZY, afternoon and above all nighttime city. It takes a while to come to life. For those more interested in the hectic nightlife rather than staying fit, I recommend making the most of the afternoon/night-time. In the morning, the city and the beaches are the domain of (few) sportsmen, couples with children and healthy grandparents. The move towards the beach and the sea starts at around 3pm, and in the summer it isn't unusual to see the beach full of people at 8pm, since the sun starts to set at 9pm and drinks and aperitifs begin at around 11pm.

The Peninsula (land and sea, Eastward-bound – explaining the city's name) is the center of everything. Marked by the Brava (Atlantic) and Mansa (Rio da Prata) beaches, it is filled with beautiful residences, elegant stores and green public spaces. The El Virazón restaurant/bar is your meeting point, with a beautiful view of the bay, Gorriti Island and a charming quay littered with boats. The long hours make it a safe haven. When everything is closed, El Virazón will be open to receive the late-night crowd with milanesas, mussels, fish, snacks and drinks.

Almost next to El Verizon, Guappa (with the same view) offers more sophisticated cuisine. Its specialty is polvo à galega (an octopus dish), slowly cooked in oil. And Leonardo Etxea, at Parada 2 (Stop #2) of Mansa beach, is a delightful Basque tavern, affordable to everyone and strong in seafood.



ISTOCK
3

If you have the entire day...

IT IS WORTH TAKING a walk along the Barra beach until Parada 35 (Stop #35). Further along you will find Barra, a type of beachfront village due to its relaxed lifestyle, clean, no-frills architecture, art galleries, nightclubs and healthy eating restaurants. This is where the nightlife flourishes, the traffic grinds to a halt, and where you get the impression that all the world's beautiful women decided to meet up in the same place at the same time.

In the summer season, you won't just find Argentineans and Brazilians in Punta. Paraguayans, Chileans, Mexicans, Americans, Germans, French and Italians also come to town, transforming the quite coastal city of 20,000 Uruguayans into the cosmopolitan, multi-language Punta del Este of 200,000 party souls. To eat well, they usually seek out

two hotspots, out of the many that the city offers.

The first is El Palenque – if it's meat you want, this is the place. Founded in the 1950s by the Spaniard Don Emilio Portela, it is a spacious restaurant, with a view of the famous parrilla open fire grill, run by the excellent Pochó. The meat and the cuts, roasted in special, aroma-filled coronija firewood, are better than their Brazilian counterparts. The most famous El Palenque dish is cochinitillo – a porquinomamão (tender pork) cooked in the grill and served in strips, reminiscent of the dish served in Madrid (roasted in a clay oven at Botín – the world's oldest restaurant). The second restaurant is Lo de Tere, in front of the port. The owners Lalo and Elza are also the head chefs and ensure the excellent quality of the food.



If you have the entire weekend...

IF YOU HAVE MORE time, you can extend your trip to places such as Finca Narbona. Almost unknown to the general public, this exceptional restaurant is located in El Quijote, seven kilometers on from Barra beach, 20 minutes from the city – in the middle of the journey that also leads to the recently-opened Hotel Fasano Las Piedras, a beautiful project of the São Paulo architect Isay Weinfeld, whose restaurant is well worth visiting (time

and money permitting).

The Finca Narbona ranch is closer by. To get there you have to take a 2km dirt road, in the midst of a stunning landscape reminiscent of Borgonha. A series of Spanish-style buildings are marked by vineyards that produce the excellent wines made by the owners. The family hails from Colonia del Sacramento and has been in the wine business since 1732, when the Aragon citizen Juan de



3
HANDOUT



HANDOUT



1
HANDOUT



2
HANDOUT

1 Hotel Fasano, Las Piedras: Brazilian luxury for the elite few

2- Las Vertientes: tea, cakes and purified water at the foot of the mountain

3 Tannat grape from Bouza vineyard: renowned gastronomy and wine

4 View of Carrasco district and old casino: charming itineraries

Narbona arrived and created the Bodega and Granja Narbona wines.

Finca offers the combination of sophistication and relaxation so dear to Punta's heart: restaurant, bar, wine cellar, outdoor grill, the magnificent Don Miguel cuisine and the impeccable service of Doña Isabel e Tino. Further away, 20km from the city, is Las Vertientes Casa de Té (tea house), in a forest at the foot of Sierra de la Ballena (or Whale Mountain). The mountains produce ultra-pure waters that feed the seven lakes that form this enchant-

ing location. The water and variety of teas produce aromas and flavors worthy of the sweet pastries made by the chef-pâtissière and sommelier Lucrecia Cuter.

And to visit Montevideo...

...it is a 126km drive down an excellent highway. The best way to reach Montevideo, however, is via the Carrasco Airport, a daring project by the architect Rafael Vinóly. A bit further on from the airport is the district of the same name, Carrasco. But visitors can take a highway and 15 minutes later arrive at the Bouza vineyard, which boasts a sophisticated restaurant surrounded by a beautiful park, next to a pavilion with a collection of old-fashioned cars. All open to visitors. There you can buy wines from what is one of the most distinguished Uruguayan wine cellars.

In Montevideo, two programs stand out. One of them is to spend the day wandering around Carrasco, starting in the center, identified by Hotel Cassino Carrasco, built in 1921. With no buildings (only houses, commerce and restaurants), a beautiful chapel and some charming hotels, the district in no way recalls the ranch that originated it.

Another must visit is El Casco Viejo, the name of the old center next to the port. The old downtown market no longer operates as such, but instead as a group of bars and restaurants housed in a structure dating back to 1868, with iron gates and details. It is part of the tranquil urban life of Montevideo.



4
HANDOUT

1 Tricot clothes made by student Flavia Protta...

2 ...and Lazaro with ESMOD director, Satoru Nino

Feeling the yarn

Teacher from Senac SP fashion course reveals how three students, using tricot knitting needles, competed against the world's best



GOOD OPPORTUNITIES DON'T ALWAYS COME KNOCKING. But in the first half of the year, a representative from the Italian Foreign Trade Institute visited the SENAC (National Business Education) University Center, in São Paulo, and invited us to take part in an international tricot clothing competition (tricot is a technique using yarns and needles — as well as skill, discipline and patience). In the “Feel the Yarn” competition, six educational institutions (among the best in the world) each nominated three talented students to create and produce three looks — the name given to a set of clothes, footwear and accessories.

We had no idea that we were being evaluated by the organizers. SENAC São Paulo benefited from its partnership with the ESMOD European fashion school and the artistic input of Alexandre Herchcovitch, one of Brazil’s leading fashion designers. The other contestants were: Royal College of Art (England), Bunka Fashion College (Japan), Parsons the New School for Design (US), BIFT Beijing Institute of Fashion Technology (China) and Polimoda (Italy). In other words: the crème de la crème from the wealthy nations and the emerging Chinese market.

Three of our top students (Fernanda Akina, Fernanda Visconti and Flavia Protta) began the competition by visiting Prato (Toscana) to learn about the industries that produce the yarns used by Italy’s leading clothes designers. The competing students returned to

their native countries with rolls of yarn to be used in stage two: making the looks. We discussed techniques, concepts, form and modeling. It was a hectic period for students, as they tried to translate their talents into something concrete. Finally, Herchcovitch and the fashion design school teachers approved nine designs, each made in tricot fashion with the use of two long needles.

The students returned to Italy to attend a fair open to the public, in Florence. I went there to see how the SENAC University Center students had faced up to an almost impossible challenge. But, to my surprise, they had done a great job! Other schools used a lot of technology, enhancing their tricot fashion designs with machine-generated effects that turn mere yarn into spectacular clothing items. The Brazilian students designed handmade clothes process that caught the eyes of jury and general public alike — after looking at and then putting their hands on the designs, we saw the reaction that we are all now familiar with — the impressed faces caused by our artistic creations and Carnival-esque spectacles.

Did we win the competition? No. First place went to a Chinese student from Parsons School. She blended tricot with threads of metallic yarn, giving the clothing a texture and volume inimitable by hand. This experience leads us to question Brazil’s gap to the clothing industry’s technological investments and experimenting. A good product isn’t just made from creative resources. Our talent and cultural wealth are unquestionable. However, we have to look at what others are doing. Focusing on innovation and a willingness to accept technological movements could represent fresh conquests if harnessed with the best in Brazilian creativity: the capacity to improvise, create new things and surprise the world. ■

* Coordinator of the Fashion Design course with Specialization in Design at the Senac University Course São Paulo.



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Municipal Theatre:
the great opera house of Latin America

Parks:
the city will have 100 parks by the end of 2012

Theater:
more than 200 plays showing

São Paulo Subway:
R\$ 2 billion invested through 2012

Soccer Museum:
in two and a half years, more than 1 million visitors

Guarapiranga Reservoir

Mário de Andrade Library:
fully renovated

Bicycle lane:
45 km linking four city parks

There's always a premiere in São Paulo. The city reinvents itself every day: new people, different cultures, new attractions. It's a city that tells its story on the streets, in its skyscrapers and in its parks, like the recently-revitalized Guarapiranga Reservoir. Visiting São Paulo lets you immerse yourself in the stories of its tantalizing restaurants, diverse museums – such as Brazil's unique Soccer Museum – and its showplaces – such as the historic Municipal Theatre, now even more modern and exciting. São Paulo welcomes everyone willing to mix it up in this pot of attractions that suits all tastes and budgets. São Paulo is culture, entertainment, art and creativity. It's a combination of experiences that can never be repeated. **São Paulo. Creative city.**

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