

PIB

BRAZILIAN COMPANIES GO INTERNATIONAL



R\$ 12,00 € 5,00

Year IV
Number 16
NOV/DEC 2011



**EXPRESS
TOURISM**
WHAT THERE IS TO SEE IN BARCELONA

Brazilian brands take off

**National franchises
spread around the world
and already account
for 700 retail outlets
on all continents**

INTERNATIONALIZATION

Companies buy
and invest
abroad again

ARCHITECTURE

Brazilians make plans for
houses and commercial
buildings abroad

BEACON

Gérard Moss, The
man who flies in to
protect water supplies

CAIXA



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RAFAEL DO PRADO RIBEIRO

The Brazilian way of living in the world

For the traveler who arrives in a foreign city, it is always a pleasant surprise, among unknown (or global) names, to find at a street corner or in a corridor in a shopping centre, a familiar brand name. For a Brazilian, it will probably be a clothes shop or a shoe shop or a parfumerie or a fast-food chain- generally a franchise of a brand he or she sees and consumes at home. Together they form a little-known and studied niche in the internationalization of our national economy: the rapid expansion of Brazilian franchises around the world.

About ten years ago, there were only 15 of them; today there are almost 70, with 700 franchised units throughout the world. And this is no exaggeration. Today Brazilian Brands can be found in Saudi Arabia, In Portugal, in Australia and the United States, as well as in Angola, Mozambique and Japan. The reporter Lilian Primi listened to business executives, civil servants and also academics who are beginning to study the area and trace an outline of this form of internationalization. Of course it does not have quite the political and economic weight as the world expansion of the industrial and extractive giants we all know, but it carries with it a strong element that publicizes the Brazilian "way of life" and the image of Brazil as a global country.

But this does not mean we should cease to care about the "traditional" forms of internationalization. The reporter Suzana Camargo has taken a look at the movement of big Brazilian multinationals after the credit crunch of 2008/9. Researchers and research studies consulted agree that they are in good shape, picking up again on their rate of acquisitions and investments around the world, after an almost inevitable pause brought on by the crisis. The internationalization of Brazilian companies is keeping up with the rate of growth of the internal Brazilian market, which certainly represents an excellent performance.

In the Beacon section, we highlight the steps of a man who has chosen Brazilian nationality, the businessman, aviator and environmentalist Gérard Moss, who is dedicated to trying to protect this country's waters, one of its greatest but most neglected heritages. Finally, the Washington Observatory column- news of the US capital through Brazilian eyes- will cease to be written by our competent Flávia Carbonari after this edition. she is taking up new professional commitments which will not allow her to do so. But happily she will continue to contribute to PIB in other ways in Washington.

Nely Caixeta



TOTUM
EXCELÊNCIA EDITORIAL
Nely Caixeta



PIB
BRAZILIAN COMPANIES GO INTERNATIONAL

A TWO-MONTHLY MAGAZINE FOCUSING ON
INTERNATIONAL BUSINESS AND ECONOMICS

PUBLISHER

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ADVERTISING

INTERNATIONAL AND BRAZIL
(55-11) 3097.0849

publicidade@revistapib.com.br

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PRINTING

IBEP Gráfica Ltda

DISTRIBUTION IN BRAZIL

Support: DPA Cons. Editoriais Ltda.
(55-11) 3935-5524 - dpacon@uol.com.br

Where to buy past copies: direct from the publisher

ADMINISTRATIVE CONSULTANT

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

LEGALLY RESPONSIBLE JOURNALIST

Nely Caixeta (MTb 11 409)

PIB - Brazilian Companies go International

is published by Totum Excelência Editorial
Av. Brigadeiro Faria Lima, 1903, cj. 33
CEP 01452-911 - São Paulo - SP

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

PRINT RUN FOR THIS EDITION

Portuguese - 15.000

English - 5.000

PRINT RUN AUDITED BY



Letters

Dear editors,

I enjoyed the interview with Daniela Barone Soares very much, as published in Edition 15 of **PIB**. Unfortunately, a lot of people still see NGOs as a kind of weekend charity, or even as a way of diverting public funds. I believe that NGOs play a fundamental role for the proper functioning of society as a whole, although the importance of both individuals and corporations is clear in so far as them adopting the challenge of obtaining meaningful social results with seriousness and professionalism. The interview was certainly inspirational. Congratulations for another edition replete with excellent articles. Ana Caroline Barreto Sanita

BUSINESS MANAGER

SÃO PAULO – SP

I am Controller of a Brazilian company with business in Latin America. I read with interest the relevant material that **PIB** has published in its bi-monthly editions about the business of internationalized Brazilian companies. The articles underscore our confidence that, with a lot of hard work and local entrepreneurial talent, the business opportunities around the world will become even more interesting and promising. Congratulations for the excellent work you do.

JOSÉ LUIZ DORIGHELLO

SÃO PAULO – SP

The September/October of **PIB** was, without a shadow of doubt, the best of the year. I particularly enjoyed the article on the work that Embrapa is doing to help the government of Mozambique to implement modern agriculture in the country's savannahs. When the company is cited in any article we get to know a little more about the enormous efforts our researchers are making to develop new technologies – and this is something Embrapa does the best. Thanks to its researchers, Brazil is currently a world leader in the sectors of agriculture and livestock.

CLAUBER BARBOSA DE ALCANTARA

PATROCÍNIO – MG



Having followed Brazil for over a quarter century now, I see **PIB** as testament to the development of Brazil from a somewhat insular country to a country integrated in the World. As a European, I am particularly pleased to see the strong ties that Brazil has developed with European countries, as explained in the last issue of **PIB**. In my own university I meet Brazilian students and researchers almost every day and, as a frequent visitor to Brazil, I see a country eager to receive the World. **PIB** keeps me up to date, not just on business and development, but also on research and culture, reminding us why Brazil is now among the leading developing economies of the World.

BENT JORGENSEN

**PROFESSOR, DEPARTMENT OF MATHEMATICS
AND COMPUTER SCIENCE, UNIVERSITY
OF SOUTHERN DENMARK ODENSE - DENMARK**

Blue Tree Hotels and Resorts



LINS



FLORIANÓPOLIS



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RECIFE



CAXIAS DO SUL



FORTALEZA



LONDRINA



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SÃO PAULO



BELO HORIZONTE



CURITIBA



TERESINA



JOINVILLE



GOIÂNIA



MACAÉ



SANTIAGO - CHILE

Neymar rising

Although not included in the final group of contenders for the Golden Ball, awarded by Fifa to the best soccer player in the world in 2011, the Santos striker Neymar is currently one of the most important players in the world. In a survey carried out by Pluri Consultoria, he is rated the most valuable player in Brazil, the second in the Americas and the sixth in the world. According to the evaluation made by the consultancy firm, the player's market value is (Euros) 50 million (R\$122 million), half the value of the number one player in the world ranking, Lionel Messi, of Barcelona. The study also indicates that Neymar remaining in Brazil puts the country in fourth place among those in which the best players in the world are in action, the best ranking ever for Brazil in this survey. Also included in the 20 most valuable players in the world are the Brazilian player Dani Alves (Barcelona), in 19th position. In the same list in the Americas are: Dani Alves (5), Barcelona, Alexandre Pato (6), Milan, Hulk (7), Porto, and tied in eighth Thiago Silva, Milan, and Kaká, Real Madrid. According to the Pluriconsultoria economist, Fernando Pinto Ferreira, "football is not dissociated with the economy, although the markets still currently strong will gradually lose importance over the next few years, and Brazil will be in the fortunate position of providing a combination of revealing the naturally most gifted players, together with the economic muscle to keep the athletes here and attract international stars".



2

A new global car in São Bernardo

Not only new foreign auto makers are betting on Brazil. With an eye on the growing competition, the Brazilian affiliates already installed here for some time are increasing their investments in the country. In December, Ford announced that it has earmarked R\$800 million for the production of a new global car in São Bernardo do Campo, in ABC Paulista. The new model, which, based on market speculation, could well be a replacement for the KA, will arrive on dealers' forecourts before 2015. "Until then, 100% of our cars will be global", said the president of Ford Brasil and Mercosul, Marcos de Oliveira. In total, Ford plans to invest R\$4.5 billion in Brazil between 2011 and 2015. Volkswagen decided to expand its Design Center, at its Anchieta unit, in São Bernardo do Campo, to house the entire process of creating new projects. The Center has a total area of 2,360 m² and is integrated and connected with the Group's global technology. "This is an important step in ensuring our interaction with the headquarters and even other companies in the Volkswagen Group; is quicker and more flexible", highlights the vice-president of Product Development at Volkswagen do Brasil, Egon Feichter.

HANDOUT

1 The cost of Neymar: 1st in Brazil, 2nd in the Americas and 6th in the world

2 VW Designer: new centre in the ABC integrated into world technology

3 HSBC: more than half Latin America's profit comes from here

From Mexico City to São Paulo

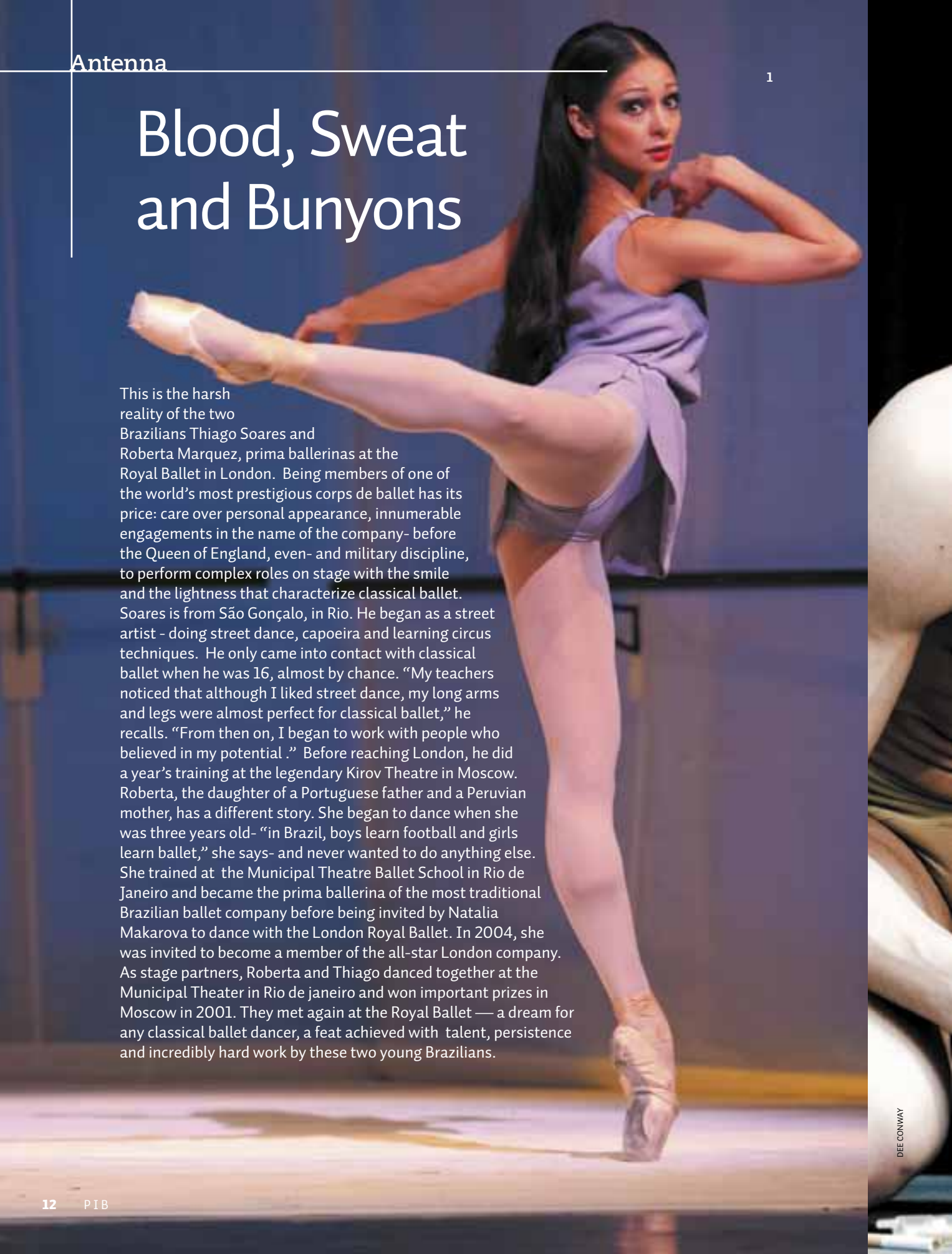
HSBC is transferring its headquarters in Latin America from Mexico City to São Paulo from February 2012 onwards. In charge of the move is the Argentinean Antonio Losada, who is currently directing operations in Argentina and will be the new executive-head for the region. He will replace the Brazilian Emilson Alonso, who has been the CEO for Latin America since 2008, but is now retiring. Currently, Brazilian operations account for more than half HSBC's profit in Latin America. With this move, the bank aims to cut costs and strengthen its position in the region.

3



HANDOUT

Blood, Sweat and Bunyons



This is the harsh reality of the two Brazilians Thiago Soares and Roberta Marquez, prima ballerinas at the Royal Ballet in London. Being members of one of the world's most prestigious corps de ballet has its price: care over personal appearance, innumerable engagements in the name of the company- before the Queen of England, even- and military discipline, to perform complex roles on stage with the smile and the lightness that characterize classical ballet. Soares is from São Gonçalo, in Rio. He began as a street artist - doing street dance, capoeira and learning circus techniques. He only came into contact with classical ballet when he was 16, almost by chance. "My teachers noticed that although I liked street dance, my long arms and legs were almost perfect for classical ballet," he recalls. "From then on, I began to work with people who believed in my potential ." Before reaching London, he did a year's training at the legendary Kirov Theatre in Moscow. Roberta, the daughter of a Portuguese father and a Peruvian mother, has a different story. She began to dance when she was three years old- "in Brazil, boys learn football and girls learn ballet," she says- and never wanted to do anything else. She trained at the Municipal Theatre Ballet School in Rio de Janeiro and became the prima ballerina of the most traditional Brazilian ballet company before being invited by Natalia Makarova to dance with the London Royal Ballet. In 2004, she was invited to become a member of the all-star London company. As stage partners, Roberta and Thiago danced together at the Municipal Theater in Rio de Janeiro and won important prizes in Moscow in 2001. They met again at the Royal Ballet — a dream for any classical ballet dancer, a feat achieved with talent, persistence and incredibly hard work by these two young Brazilians.



1

1 Rio dancers Roberta Marquez and Thiago Soares in the corps de ballet of the Opera House: hard work and prestige

2 Rock in Rio goes to the banks to finance the internationalization of the festival

Rock in Rio seeks partners for festivals abroad

The Medina family is seeking partners, through BTG Pactual Bank, to make it viable to hold Rock in Rio music festivals outside Brazil. Businessman Roberto Medina, who founded the franchise, wants to organize a new European edition in the United Kingdom or in Germany; one in the USA and another in Latin America, with Mexico and Colombia as likely destinations. According to Medina's daughter, national and international firms are on the list of potential partners, but none are yet close to a deal. The family plans to keep a majority share in the business and attract a partner with the profile of an investor to reduce the risks of the expansion. The last festivals held in Europe, in Lisbon and Madrid, are believed to have cost around 25 million euros. The costs of the Brazilian version were estimated at around 95 million reais.

2



HANDOUT/GRUPOAEMMIM

INOVAR É INVESTIR NO FUTURO. VEJA QUEM JÁ ESTÁ FAZENDO UM FUTURO MUITO MELHOR.

VENCEDORES NACIONAIS DO PRÊMIO FINEP DE INOVAÇÃO 2011

Categoria Pequena Empresa

Reason Tecnologia

Categoria Média Empresa

Scitech Produtos Médicos

Categoria Grande Empresa

1º lugar: Braskem

2º lugar: Embraer

3º lugar: Weg

Categoria Tecnologia Social

Associação dos Trabalhadores

Agroextrativistas da Ilha das Cinzas

Categoria Instituição de Ciência e Tecnologia

Centro de Informática - UFPE

Categoria Inovar Fundos

Equipe: FUNDOTEC II - FIR Capital Partners

Governança: Logística Brasil FIP - BRZ Investimentos

Operação: FMIEE STRATUS GC - Grupo STRATUS

Prêmio FINEP
de Inovação
2011



Ministério da
Ciência, Tecnologia
e Inovação



VENCEDORES REGIONAIS DO PRÊMIO FINEP DE INOVAÇÃO 2011

Categoria Pequena Empresa

Região Norte: Amazongreen Cosméticos

e Perfumaria da Amazônia

Região Nordeste: BioClone Produção de Mudas

Região Centro-Oeste: Z Tecnologia
em Comunicação

Região Sudeste: Orbital Engenharia

Região Sul: Reason Tecnologia

Categoria Média Empresa

Região Nordeste: Protensão Impacto

Região Centro-Oeste: Scitech Produtos Médicos

Região Sudeste: Módulo Security Solutions

Região Sul: Kako Acessórios

Categoria Tecnologia Social

Região Norte: Associação dos
Trabalhadores Agroextrativistas
da Ilha das Cinzas

Região Nordeste: Serviço de Assessoria
a Organizações Populares Rurais

Região Sudeste: EMATER/MG

Região Sul: Centro de Formação
em Agroecologia

Categoria Instituição de Ciência e Tecnologia

Região Norte: Coordenação de Inovação
Tecnológica - INPA

Região Nordeste: Centro de Informática - UFPE

Região Centro-Oeste: Laboratório de
Purificação de Proteínas e suas Funções
Biológicas - UFMS

Região Sudeste: Fundação Aplicações
de Tecnologias Críticas - Attech

Região Sul: Observatórios SESI/SENAI/IEI -
SENAI-PR

Categoria Inventor Inovador

Região Nordeste: Joaquim Antonio
Caracas Nogueira

Região Sudeste: Vladimir Jesus Trava Airoldi

Região Sul: Jair Carlos Dutra



Angra is the biggest exporter

The municipal district of Angra dos Reis (R.J.) leads Brazilian exporters for the second year in succession. Data from Secex (the Ministry of Development, Industry and Commerce's External Trade Secretariat) show that in the first months of 2011, Angra was the country's biggest exporter, with a total of US\$12 billion, almost double the amount in the same period of last year, when exports were US\$6.9 billion. The main product exported from Angra dos Reis is oil, sent mainly to China, the USA, Chile and India. After that, among the municipal districts that exported most between January and October are Parauapebas-PA (US\$ 9.74 bilhões), São Paulo-SP (US\$ 7.19 bilhões), Rio de Janeiro-RJ (US\$ 5.3 bilhão) e Santos-SP (US\$ 4.44 bilhões). See graph.

Brazilian balance of trade by municipal district

Brazilian exports between January and October 2011

	MUNICIPAL DISTRICT	STATE	TOTAL EXPORTED (US\$)
1	Angra dos Reis	RJ	12,068,691,004
2	Parauapebas	PA	9,740,981,071
3	São Paulo	SP	7,190,478,638
4	Rio de Janeiro	RJ	5,300,642,177
5	Santos	SP	4,442,269,860
6	São José dos Campos	SP	4,323,082,336
7	Vitória	ES	4,168,671,357
8	São Bernardo do Campo	SP	4,141,786,194
9	Paranaguá	PR	4,095,852,770
10	Nova Lima	MG	3,851,883,810
11	Anchieta	ES	3,567,973,446
12	Itabira	MG	3,100,775,908
13	Itajaí	SC	2,807,827,084
14	Macaé	RJ	2,749,266,952
15	Guarulhos	SP	2,278,839,395



2



Natura seeks partners for international expansion

The biggest company in the Brazilian cosmetics sector is seeking overseas partners to make its international expansion viable. This is revealed in an interview given by the Director of Natura, Alessandro Carlucci, to the British newspaper Financial Times. He said the company plans to set up joint ventures in countries like the UK, the USA and Russia in its expansion outside Brazil. The reason for this is that Natura has given up its plan of setting up its own overseas operations outside Latin America and for that reason is seeking partner companies, especially in markets where its strategy of direct sales has proved popular. "We realized there are cultural factors and ways of doing business in other countries that we are not aware of," he stated. Natura has not confirmed these points, but the direction the internationalization process has been taking since 2010 indicates that these new partnership could really occur. In October 2010, the company announced it was looking for new suppliers in Brazil and abroad. At that time, Natura stopped being merely

an exporter and became a manufacturer, producing part of its portfolio in Argentina. In 2011, the same happened in Colombia and Mexico, by means of local partnerships. Currently, 8.8% of the company's turnover- R\$5.1 billion in 2010- comes from international operations, a volume which does not yet justify the company making goods itself, but does allow it to operate by means of outsourcing, besides being a more sustainable measure in the company's view. Natura's receipts abroad recorded a rise of 38.8% in the first nine months of 2011, totaling R\$ 344.3 million, and the expectations are that in less than 2 years, 50% of the company's turnover from international operations will come from products manufactured outside Brazil. The company's international expansion began in South America, in the 1980s. Today the company has operations in Chile, Bolivia, Argentina, Colombia, Mexico (photo) and Peru. In 2005, Natura carried out its only experiment outside Latin America, setting aside its direct sales model to open a shop in Paris, France.



Serafina comes to São Paulo

São Paulo was the city of choice for the renowned New York chain of restaurants Serafina to open its first store outside the United States, in 2010. And this move appears to have paid off. In only four months, revenues at the first outlet, in Jardins, reached R\$ 5.5million, almost doubling the total estimated revenue of R\$13 million in 2011. As a result of this success, the MPRD Group owned by businessmen Marcelo Alcantara, Paulo Torre, Rubens Zogbi and Davide Bernacca, responsible for bringing the chain to Brazil, intends to open five more units before the end of 2012, three of which will be in São Paulo, one in Rio de Janeiro and another in Brasília.

Brazilians open in Paris

The renowned Brazilian chef, Alex Atala, and designers Fernando and Humberto Campana are the first Brazilians to take part in Paris des Chefs, an event held annually in Paris that gathers chefs, photographers, designers and artists making all kinds of presentations in pairs about new ideas from their respective countries in articles published in *Gastronomia Artística*.

The event, that is held between January 22 and 24 at the Maison de La Mutualité, is in its fourth edition and attracts more than 1,500 professionals from the sector. During the three days of the event, visitors can assist demonstrations in large auditoriums and visit the stands set up by various companies to see the new ideas in kitchen accessories, culinary books, olive oils, jams and other products related to gastronomy.



1 Alex Atala at 'Paris des Chefs': gastronomy, photography and design

2 Restaurant Serafina: five more outlets in Brazil in 2012

3 Banco Patagonia: BB took its strong points to Argentina

BB accelerates in Patagonia

Since it acquired Banco Patagonia, two years ago, Banco do Brasil (BB) has dedicated itself to cleaning house and starting the process of integrating the two institutions. However, the bank has more ambitious plans for 2012. The aim is to attract mid and small-sized companies to its portfolio of clients, strengthen its operations in the credit card and insurance segments and implement the Brazilian payroll credit system in Argentina. "We want to take our strong points to Patagonia and take advantage of the know-how acquired in the Brazilian market", said the regional vice-president of Banco Patagonia, João Carlos Nóbrega Pecego. To ensure these objectives are reached, he has convinced 200 companies currently included in the bank's portfolio of corporate clients to migrate their payrolls to the institution. Having done this, BB will finally be able to offer loans discounted directly from employees' payrolls. BB's core business is not focused on Patagonia's strong point to now in individual lending, and small businesses. The

3



strategy is to strengthen the corporate sector by developing a structure that allows its Argentine subsidiary to become a benchmark among the companies involved in the import/export sectors between Brazil and Argentina. "We believe that South America will still be an economic block and we are not scared of the potential effects the European crisis may have in the region", emphasizes the VP.

Amazon arrives in Brazil

Amazon has not yet brought its online store to Brazil. The company decided to start up its operations in Brazil with Amazon Web Services (AWS), a cloud computing service that in just a few weeks has attracted some sizeable Brazilian clients, such as Gol Transportes Aéreos and Peixe Urbano. The company's aim is to provide this service throughout Latin America from Brazil. According to the senior vice-president of Amazon Web Services, Andy Jassy, with the local operation, the clients that already used the service in the United States, Europe and Asia can now run their applications in Brazil, which reduces the latency. In addition, the system also resolves the problem of potential clients, such as banks, governments and insurance companies, which, for regulatory reasons, cannot store their data abroad.

Quick news

■ Vale is the second Brazilian company to have its credit rating upgraded to A- by the risk classification agency Standard & Poor's(S&P). The rating, which indicates the company's credit risk is below average, had previously been extended to Ambev. In compensation, Vale reduced its investment plan for 2012 by 11% to US\$21.4 billion, of which 71% will be dedicated to actions in Brazil. The president of the mining giant, Murilo Ferreira, denied any link to the crisis saying that this change was an option for more financial discipline and precision in terms of the company's allocation of capital.

■ Embraer Defesa e Segurança (Defense and Security) and Portuguese companies OGMA - Indústria Aeronáutica de Portugal and EEA - Empresa de Engenharia Aeronáutica, signed partnership agreements to develop engineering components for the KC-390 twin-engine military transport and refueling aircraft. The contract underscores Portugal's commitment to purchasing the KC-390.

■ The results of Brazil's participation in the 29th edition of the International Havana Trade Fair (FIHAV 2011), in November, were well above expectations voiced by the business people taking part. The event generated approximately US\$10 million in business, which is expected to total US\$50 million next year, almost 70% more than forecast.

■ The World Travel Market Latin America, a business fair for the tourism sector that has been held for 32 years in London, will have a Latin-American version in 2013, in São Paulo. This will be the first time this event will be replicated in another location.

■ The Supreme Court of Peru plans to send a delegation of judges to Brazil in February, to get to know the IT project being implemented by the Judiciary, developed by the National Judicial Council (CNJ). The Peruvian Judiciary will be evaluating the possibility of computerizing the court system in the country.

■ American company Direct Edge intends to open a stock exchange in Rio de Janeiro in the last quarter of the next year to compete with Bovespa, which effectively has a monopoly in the country. This will be the company's first business foray outside the US. The plan is to invest in quality and speed as differentials.

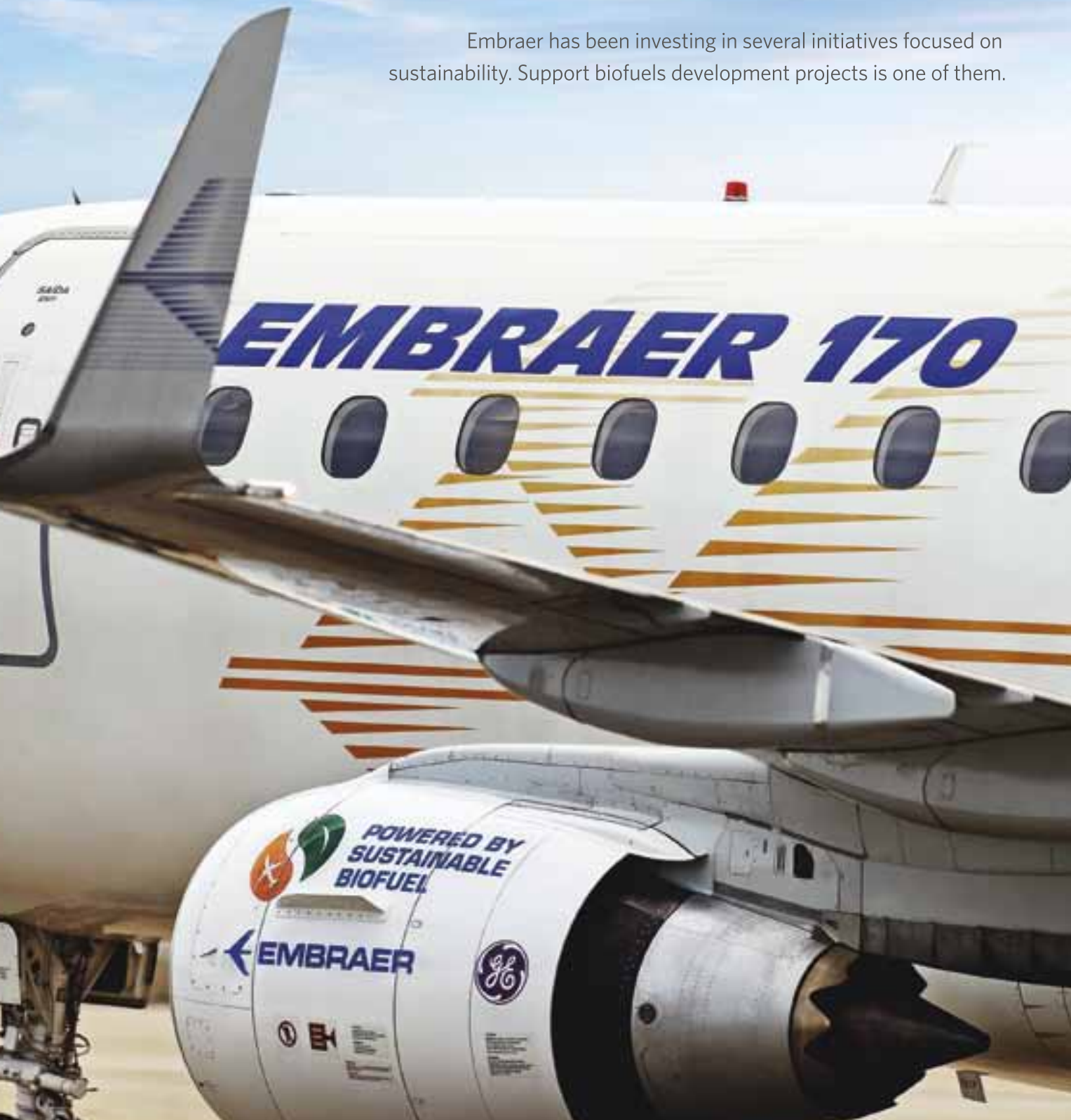
■ The story of Brazilian design was the theme of the show + 55 Brazil Exhibition, held at The Gallery@ The Civic, in South Yorkshire, in England. The event's curator was David Sinclair, and brands such as Melissa, Carbone and Havaianas took part.

Brazilian attraction

Three different surveys released at the end of 2011 identified Brazil as one of the most attractive countries in Latin America for foreign investment. The first of these, a study carried out by Citigroup, indicates that global institutional investors are more optimistic about the performance of shares in Latin America. According to the survey, 47% of those interviewed believe that Brazil is the most attractive market in the region, followed by Colombia (20%), Mexico (12%) and Chile (11%). The most optimistic are the investors based in the US, followed by Brazilians. For the most part, (89%) believe that the Ibovespa will reach 64,555 points before the end of 2012, which would represent an appreciation of 15.2%. A survey by the consultancy firm A.T. Kearney indicates that among the emerging countries, Brazil, India and China receive the most in terms of foreign direct investment (FDI). Brazil went from 4th to 3rd place and already attracts more than one half of the investment destined for Latin America.

Aviation takes us to stunning places.
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Embraer has been investing in several initiatives focused on sustainability. Support biofuels development projects is one of them.



All roads lead to Brazil

Brazil received a series of missions from Europe and the United States in the last quarter of 2011, most of which were strictly interested in developing trade relations with the country, given It is seen as an important player in the current global scenario. Check out what went on during some of the main missions during the period:

1. Scotch Whisky for cachaça

A committee of Scottish authorities led by the country's Secretary of State, Michael Moore, and 23 representatives from various companies in segments such as agriculture, education and sports, were in Brazil at the end of November. The group showed an interest in setting up trading partnerships in several areas, notably the oil and gas and beverage sectors. They want to establish a trade agreement to facilitate the exchange of Scotch whisky

for Brazilian cachaça. The reason for this was the 130% increase in sales of Scotch in Brazil in the last decade, which is seen as a great market opportunity. Trade agreements were also made, the main one being the partnership between the UK Department of Export Credit and HSBC, which guarantees a line of credit of US\$ 1 billion to finance investment programs In oil exploration and installations on the east coast of Brazil by Petrobras.



2. Wind and solar energy in the sights of the Dutch

Among other visitors looking for business opportunities was the Minister of Agriculture and Foreign Trade from Holland, Henk Bleker. The Dutch accounted for 28% of Foreign Direct Investment last year in Brazil. The interest is mainly in partnerships in the energy sector, such as offshore oil and gas exploration and sustainable alternatives such as wind and solar. During the visit, the opening of a new office of the Dutch Foreign Investment Agency (NFIA) in Brazil was announced, probably in São Paulo.



Michael Moore (center), head of the Scottish mission in São Paulo: energy and beverages

3. Massachusetts focuses on innovation

At the beginning of December, it was the turn of the governor of Massachusetts, Deval Patrick, to lead another trade mission to Brazil. The areas of interest in terms of potential collaboration are biotechnology, biopharmaceuticals, information technology (TI), telecommunications and financial services. The committee also exchanged information with businesspeople from the main Brazilian digital players. In spite of the level of interest, the low rates of innovation in Brazil did not go unnoticed. For the governor of Massachusetts, a state famous for its universities and high-tech centers such as MIT, private businesses need to build up ties with the academic community and increase investment aimed at innovation.



UK IN BRAZIL

4. Is China here?

Another recent visitor was the governor of Florida, Rick Scott. Brazil is currently the main trading partner with this American state. Exports to Brazil totaled US\$13.7 billion in 2010, an increase of 29.6% compared to 2009, and sales of Brazilian goods to the US, via Florida, totaled US\$2.1 billion in 2010. Brazil is the seventh supplier to the United States, with Florida as the main port of entry — a fact which leads to Brazil being considered the China of Florida. Fabio Yamada, director of Enterprise Florida, the state's investment agency in Brazil, said that the Americans are interested in attracting manufacturing plants, restaurants and retail companies. "We are also interested in energy, ethanol, biotechnology and Brazilian aerospace engineering", said Yamada. "The State has 17 ports, and would certainly like to receive more shipments of Brazilian products."



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A View from Capitol Hill

News from the US with a Brazilian slant

FLÁVIA CARBONARI




The United States has always been seen as a land of opportunity, destined for greatness. These dreams have seemingly been shattered over the past few years. Barack Obama was elected, in 2008, on the promise of changes that could rebuild them. But the balance of his government during this term of pre-election 2012 debates suggests a country divided, with Congress split: republicans on the attack, and many democrats on the verge of disillusion. The year 2011 was one in which the government almost ground to a halt twice due to discord about the country's deficit; with members fighting to extend tax cuts and unemployment benefits; with the country risk downgraded; millions occupying Wall Street to protest about the lack of jobs and growing inequality.

In its last edition of 2011, the renowned magazine *Foreign Affairs* carried a controversial message on the front cover: *Is America Over?* In reference to the headline, the magazine included articles that showed inequality, on the one hand, and budget indiscipline and the external policy approach, on the other, have contributed to the loss of US global hegemony. In the first article: *The Broken Contract – Inequality and American Decline*, George Packer

pointed to public policies as the villains in the story (taxes, campaign financing rules, labor laws, etc.), notably those over the past three decades, which have always tended to favor the wealthier. Between 1979 and 2006, middle-class income rose 21% while the share of the poorest grew 11%; as for the richest 1% of the population, their income reached a new peak, with a 276% increase. The dream of the land of opportunities has reached a stalemate.

Fareed Zakaria, one of the most influential journalists in the US, published in 2011 an updated version of his book *"The Post American World"*. He analyzes the effects of the financial crisis and Obama's election. To explain the decline in US power, Zakaria emphasizes "the rise of the rest", notably emerging countries such as China, Brazil and India. The dream of the Manifest Destiny, of a country destined for greatness and hegemony, has also dissipated. A government that came to power based on the hope of rebuilding social justice and restoring some prestige for the US swings into its last year in office with meager accomplishments. As a result, the delusion of millions of Americans may well be what tips the balance for or against Barack Obama in the 2012 elections.



Where
has the
Great
American
dream
gone?

Dilma, a 'powerful voice in the new Global South'

In its second edition of the "100 Top Global Thinkers" of the year, the influential *Foreign Policy* included president Dilma Rousseff among the names cited in 2011 as representing a "powerful voice in the new 'Global South'". The Brazilian president was at number 42 on the list. Remembering her past as a guerrilla who fought against the military dictatorship, the magazine contrasted Dilma's "low-profile" style, given Brazil's favorable economic scenario, compared to other leaders who resort increasingly to populism. The magazine

also emphasized Dilma's aims to continue to boost the country in the globalized world and praised her priorities to reduce poverty and inequality. Also on the list were the Argentine, Luis Moreno Ocampo, a judge in the International Criminal Court (44 in the ranking); the Cuban blogger, Yoani Sánchez (88); and the Venezuelan Teodoro Petkoff (99), the main opposition leader against the Chavez government. At the top of the list were 14 leaders of Arab Spring or Arab Awakening revolutionary group.





PETE SOUZA

Visa Waivers on the agenda in 2012

Confirmation is expected in the first semester of 2012 of Dilma Rousseff's visit to the United States. As well as energy and ethanol, the private sector in both countries has already included a *Visa Waiver Program* on the agenda. The program would dispense with the need to get a visa prior to travelling for visits of up to 90 days for countries with low levels of illegal immigration into the US. The lobby group in favor of this move is strong in Florida, one of the favorite destinations for the 1.2 million Brazilians that visited the country in 2010, injecting US\$5.9 billion into the North-American economy.

1 Obama:
reelection
in 2012 in
doubt

2 Dilma:
among the
global thinkers
in 2011



HANDOUT BC

Democracy, want to buy some?

Latin America is currently living through the longest period of democracy in its history. The authoritarianism of the past now appears remote, although other specters may undermine these democracies, which led the Organization of American States, the OAS, to publish the study "Politics, Money and Power: a dilemma for Latin American Democracies". Released in December in Mexico, the report indicates this relation as one of the main challenges to the democratic regimes in the XXI century. The study analyses the impacts of money on the electoral processes and the exercise of power. It recommends, over and above anything else, legislative reforms to increase the regulations related to financing political activities and reducing the influence of the large economic groups and the ruling political parties. Things are going well in Brazil regarding the item related to specific financing for female candidates — 5% of public resources and 10% of free electoral propaganda time for each party is allocated to them. Brazil is also the only country in Latin America where figures related to political donations are disclosed to a high degree. It also bans the use of commercial advertising time for election campaigns (offering free air time on radio and TV instead) — which is not the case in the US, for example.

ROBERTO STUCKERT FILHO/PRESIDÊNCIA





Pilot and environmentalist, Gérard Moss tries to convince Brazil that the entire country depends on the Amazon for food production and survival

ANDRESSA ROVANI AND ARMANDO MENDES

Ten years ago, while making his second trip around the world by plane, Gérard Moss, now 56 years old, came to realize that contrary to what mankind had always believed, the world's natural resources are, in fact, finite. Gérard was flying a motor glider, a small monoplane that "surfs" the atmosphere's lee waves and thermal columns, using the motor for auxiliary propulsion. While flying over the planet at low altitude, on a long journey soaring over 50 countries, he witnessed firsthand the true fragility of the Earth's surface, on which human beings live, and the consequent and constant aggressions it suffers. Upon returning to Brazil, where he has lived since 1983, Gérard - born in England and raised in Switzerland - was certain of two things: that this was his country and

that it needed to be changed.

With a degree in mechanical engineering, Gérard came to Brazil to work in sea freight export of soybeans. When gave up his Rio de Janeiro-based company in order to finance his first world tour in 1989, he went from businessman to environmentalist. A naturalized Brazilian citizen, the entrepreneur who once helped sell the Brazilian soybean began to preach the importance of the Amazon to grain producers. "I felt the need to show Brazil as a country of waters," he says. "Abroad, it is best known as a country of football and Carnival, despite our potential" (the Brazilian territory is home to the largest fresh water reserve on the

planet). Created in 2003, the Brasil das Águas (Brazil of the Waters) project was the first result of this transformation. Concerned about the degradation of rivers, Gérard devised a way to collect water samples from Brazilian water sources, all while aboard an amphibian plane.

Gérard has made two trips around the world in locally made planes.

Supported by educational and research institutions and companies committed to environmental issues, he flew 120,000 km - equivalent to more than two trips around the Earth - to collect 1,160 freshwater samples from 524

rivers and lakes spread across the country.

The results served as a type of X-ray to determine the health of rivers in Brazil. This was followed by



The Embraer Romeo soaring over the Andes, searching for flying rivers.

The wind hunter

HANDOUT PROJETO RIOS VOADORES

the Sete Rios (Seven Rivers) project, aimed to raise shoreline communities' awareness regarding conservation of water resources. But it was in 2007, following extensive discussion and dialogue with Amazonian climate researchers, that the idea of yet another project took shape - this time adding the study of the atmosphere into the water formula. "We started looking at water vapor, which is just as important as surface water," Gérard confirms. The simple yet provocative question - do you know where your city's rainfall comes from? - gave birth to Flying Rivers' second expedition, which is now in its second phase.

The concept of "flying rivers" is the key to the project. The term is used to map the routes traveled by the water vapor which forms over the Amazon, as if they were invisible atmospheric waterways, which pass

through the sky carrying moisture to areas further south. Pushed westward by the winds coming from the Atlantic, these "flying rivers" collide with the face of the Andes mountain range and are then diverted towards the south. Therefore, it is the Amazon rainforest that sustains, though indirectly, part of the moisture that causes the rainfall in other regions of the continent and fertilizes the vast quadrangle covering land from São Paulo and Mato Grosso to Buenos Aires and the Argentine pampas - the very heartland of agricultural production in both countries.

With this observation, Gérard seeks to convince his audience in

southern and southeastern Brazil that an issue that is seemingly specific to the Amazon is actually both a national and continental problem. Being geographically distant, the populations of most other Brazilian regions tend to view environmental problems in the Amazon with a certain sense of indifference. The businessman turned environmentalist wants to change that. "The southerners of Brazil have to realize that they are integrally connected to the North and therefore should take more interest in the decisions being made concerning the Amazon," he explains. The Flying Rivers project, which began four years ago, depends on two factors to achieve its objectives: the foundation and collection of scientific data and the educational approach, which aims to transform the way Brazil sees the Amazon. "The idea is to help scientific research advance in the development of this concept of flying rivers, as well as to develop content that is understood by the population as a valuable resource," says the aviator and environmentalist. "We must demonstrate each tree's importance in

its contribution to the water vapors in all regions of Brazil."

As Gérard travels the country collecting samples to study the water vapors' currents, cities were chosen to participate in the educational arm of the project via programs at

local schools. Nine hundred and sixty teachers were trained and 50,000 children have received the project's educational material. Small inland cities in agricultural regions, such

**The
Flying
Rivers carry
Amazonian
humidity
south**

as Uberlândia in the state of Minas Gerais, and Londrina in Paraná, were given priority - since they are so far from the coast, they depend much more on these water vapor contributions from the North. "We are very intent on showing people that they have to open their eyes a bit and become more aware of the

region. The state of Mato Grosso, the center of Brazilian agribusiness, will probably rank first in dependence on this Amazonian vapor, notes Gérard. "Brazil must be aware of the fact that part of the country's extensive and successful agricultural production is a result of two accidents of geography: the Andes



1

risks they are subject to as a result of nature's radical changes," says Gérard, whose expedition partner is his wife, Margi. Born in Kenya, Africa, Margi is responsible for written and photographic documentation of projects. The Flying Rivers receives R \$ 1.5 million annually from its sponsor, the Brazilian company Petrobras.

As a result of the second phase, which will come to an end soon, the project is preparing to outline the water vapor's origin point in each of the country's regions, within the last 12 months. With this information, the importance of water vapor flows coming from the Amazon can be determined - and, consequently, of the forest itself - for any given

mountain range and the tropical forests in the North," he states. The shift in focus of this issue has led major rural producers to believe in the evidence and realize that the conservation of the Amazon rainforest is a necessity for the survival and success of their business. The project's main objective, according to its creator, is to directly change people's behavior-- to make even those skeptical or neutral active in defending the Amazon and its tropical, humid rainforest.

Gradually, Gérard's is gaining international attention. The most recent recognition came in November when he received a medal and the title of Member of the Order of the British Empire from Prin-

1 Moss, in the cockpit: aircraft...

2... and a balloon to trace waters' paths

ce Charles himself at Buckingham Palace in London. The distinction awards social service that merits public recognition. After spending 25 years in Rio, Gérard and his wife traded their penthouse apartment in Urca for a small farm in Brasília, in the center of the country, equidistant from the North and South.



2

Today, the couple lives in the Brasília neighborhood Lago Sul, where they live just two miles away from the airport in which they keep their expedition plane. "My friends from Rio think I'm crazy," he says. "But once they visit me, they understand; I've already identified 160 species of birds in my own backyard." Notwithstanding, he admits to certain setbacks in Brasília. "We have identified a shift in the way people think, but government leaders and others in power don't seem to take action in order to change the situation in the Amazon," says the pilot-ecologist. "That's the frustrating part of my job." The next step, he says, is working to change this link in the environmental awareness chain. ■

PICTURES: HANDOUT PROJETO RIOS VOADORES /MARGI MOSS



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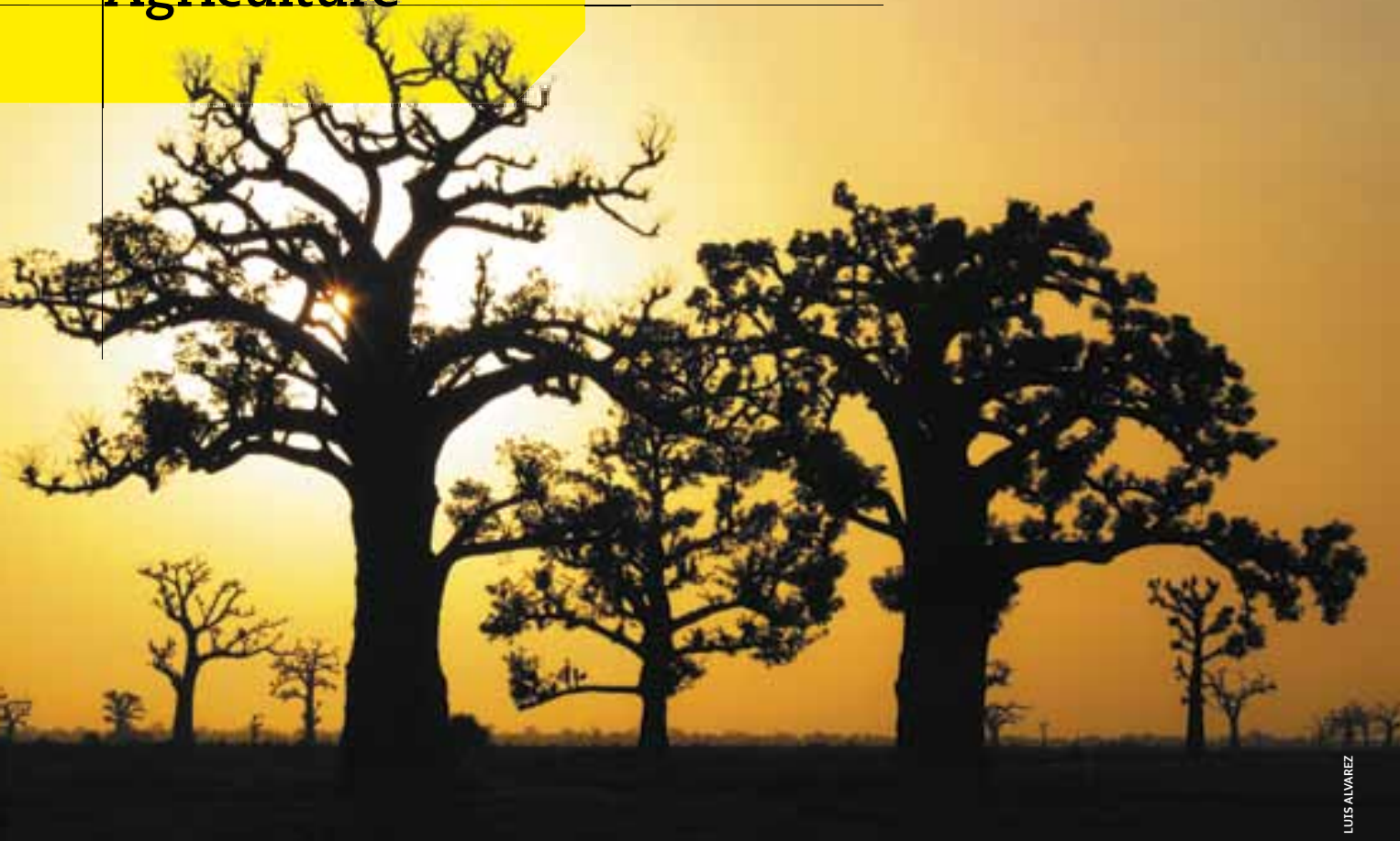


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The fruits of Africa

Agrícola Famosa, from Ceará, starts cultivating melons in Senegal to serve its European clients

ANDRÉA FLORES

Europeans and other residents of the cold Northern Hemisphere love eating melons for breakfast. However, to be healthy and tasty, the fruit requires a semi-arid climate and little rain - conditions more common to the tropical zones of the planet. To compensate for this mismatch between growers and consumers, Agrícola Famosa, the largest Brazilian exporter of the fruit, is starting to grow melons in

Senegal, a country in the extreme west of Africa, half way between the Northeast of Brazil and Europe. Fieldwork began in September and is already at the stage of soil preparation and taking delivery of irrigation equipment. The first harvest on African land is forecast for February 2012. However, to get to this point, some important decisions had to be taken.

Agrícola Famosa was started in 1995 and in the 2010/2011 period,

exported one hundred thousand tons of fruit from irrigated farms in the states of Ceará and Rio Grande do Norte - as well as melons and watermelons (the company does not disclose sales figures). Great Britain, Holland, Italy, Portugal and Spain are its main markets. However, the Northeast of Brazil is at a disadvantage for fruit growers: the 'March rains', or more precisely, the annual rainy season between February and April when the quality of fruit liter-



PAULO DANTAS DE MELO

2

ally drowns. To continue serving its European clients without hiccups in supply, the Brazilian executives decided to internationalize production and went in search of agricultural regions with good economic conditions and favorable climate - it was crucial that a region be found where there is no rain during the Brazilian summer.

The company's agronomists found favorable areas in Peru and Chile, as well as in African regions. Nevertheless, according to lawyer Luiz Roberto Barcelos, one of the partners of the company, no candidate beat Senegal, chosen for its many advantages: proximity to Europe, similarity of its climate to

the Northeast of Brazil and the absence of tribal or religious conflicts. The numbers involved are simple, he explains. After harvesting, treatment and packaging, the shelf life of the fruit is 30 days. From Chile or Peru, across the Pacific Ocean, takes 20 days to southern Europe, which

reduces the life of the product to 10 days and increases freight costs by 30%. "But from Senegal, it takes only 10 days, giving an extra 20 days for marketing the product", he concludes.

With the country decided upon, Agrícola Famosa chose the ideal location for the enterprise - the Thilmakha region, around 120 kilometers from the capital, Dakar - with the help of

the Ministry of Agriculture and of the Senegal Development Agency, (the country was a French colony until 1960). Estimated at 9 million Euros, the total capital investment includes the transfer of materials and technology to the plantation area. As there are no private agricultural properties in the country - land was nationalized after independence - all licenses and permits for its use had to be negotiated directly with local communities. These gave the Brazilian group a 20-year concession to cultivate 600 hectares.

According to Luiz Roberto, the Brazilian company for its part un-

The first harvest of melons is scheduled for February 2012

1 Baobabs in the African savannah...

2 ...and Brazilian melons: climate similar to the Northeast



LUIS ALVAREZ

dertakes not only to employ local labor, but also to establish schools and a medical center for the community located near the farm. The Senegal government will invest in basic infrastructure, such as the roads and installation of electricity adjacent to the area where the Brazilian melons will be cultivated. Spread over a three-year period, the Brazilian company's investment will rise progressively. In the first year, it will plant 150 hectares of land, employ 375 local workers and spend 2.25 million Euros on the costs of the plantation; during the second year, the land planted increases to 300 hectares, the number of local workers to 700 and costs to 4.5 million Euros. Finally, in the third year, these figures double.

To launch this international adventure, Agrícola Famosa relies

exclusively on its own resources. Although the BNDES offers credit lines for investment in Africa, Luiz Roberto, born in the interior of São Paulo to a farming family, says the company has not had to resort to such help. "Our European clients

The company will train Senegalese workers and build schools

not only have bought the entire first harvest, but have already paid 30% up front", reveals the executive. Embrapa was unable to act in an advisory capacity as the state-owned company for agricultural research does not currently offer technical assistance melon cultivation, says Luiz Roberto. Agrícola Famosa will also cover the cost of training the local workers, who should form and direct the teams responsible for the project. Ten Senegalese workers spent the month of August at the company's Northeast plantations, kicking off the training exchange.

"We do not intend to maintain a Brazilian team full time in Senegal", predicts Luiz Roberto. However, to monitor the start of African operations, ten of the company's specialists, headed by the Spanish engineer Luis Alvarez, arrived in Senegal in September, where they expect to stay for six months. To get round the language difficulties (the languages spoken in the region are French and the local language, Wolof), the Senegalese supervisors will learn Portuguese. In addition, the expatriate Brazilians need to become accustomed to the cultural and religious differences. "I will never forget my first lunch in Senegal", remembers Luiz Roberto. "The house owner had three wives; the trays were placed on beautiful carpets, on the floor, and we ate with our hands". ■

Alvarez (front left) with the team: training in Brazil

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Brazilian franchises take wings

In the last ten years, almost 70 Brazilian chains have been launched into the global world, taking their goods and services to 700 franchise outlets in 50 countries.

LILIAN PRIMI

ON THE WORLD MAP

(THE PERCENTAGES SHOW THE DISTRIBUTION OF THE FRANCHISERS BY CONTINENT)

SOME EXAMPLES of the advance of Brazilian brands:



1 Giraffas: Rice, beans, and 'farofa' [manioc flour] in Florida



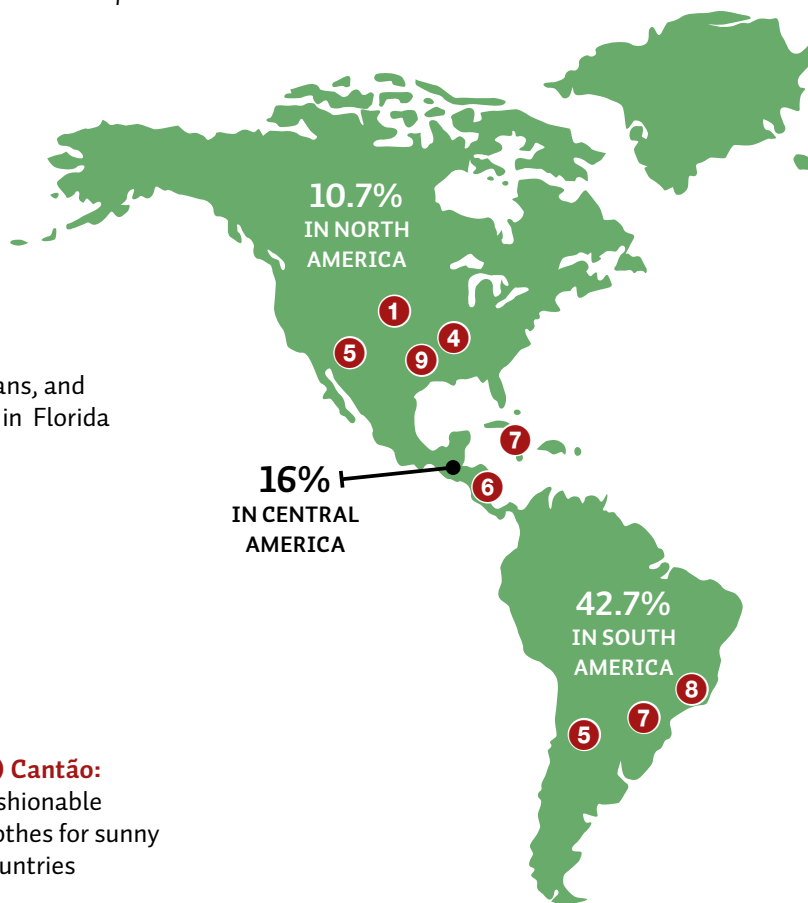
2 Mister Sheik: sfihas in Angola

3 BOB'S: hamburgers in Portugal and Angola



4 Cantão: fashionable clothes for sunny countries

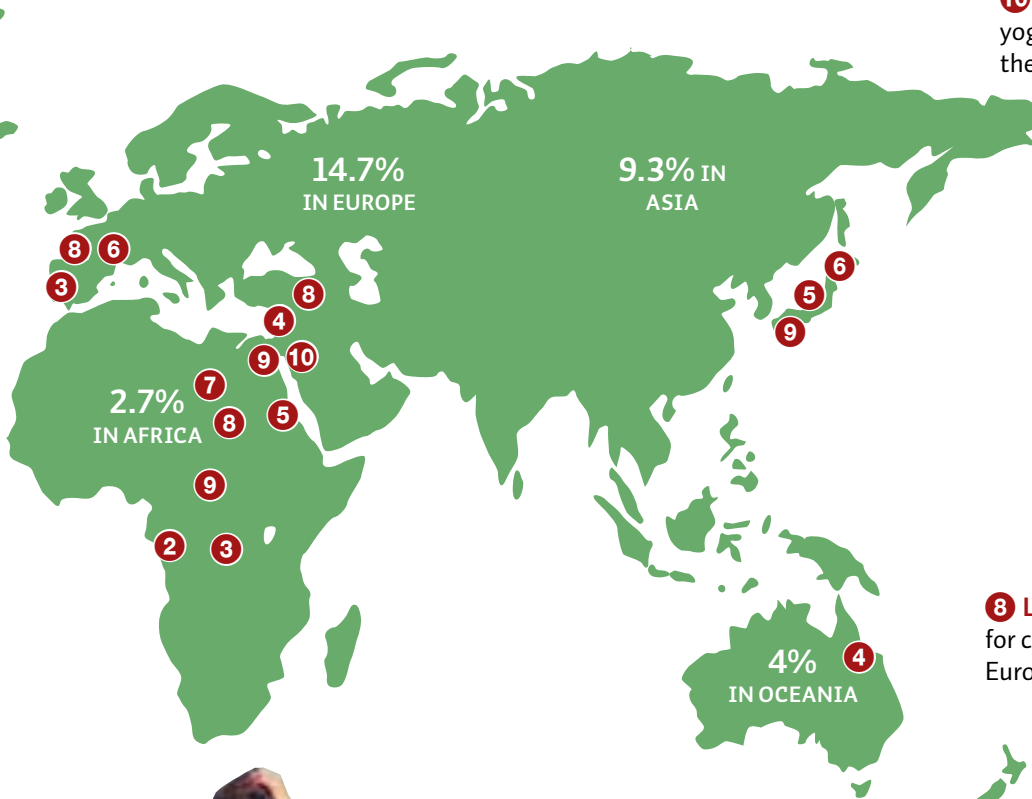
5 O Boticário: tropical perfumes in Japan and Mozambique



Among the surprises provoked by the success of the introduction of yoghurt ice cream in the Brazilian market, Marcelo Bae, the founder of the franchise network Yogoberry, stumbled upon an invitation to open a unit overseas — in Iran, of all unlikely places. In July 2011, after an explosion in consumption which led to the creation of 107 stores in Brazil in a little over three years, he inaugurated a unit in Teheran, the Iranian capital. “I had not thought of internationalizing, as I am still managing the expansion in domestic consumption”, said Bae. “But an investor from an Iranian group appeared who wished to take the chain to the Persian Gulf”. The

model for all the stores in the chain is that of franchise, which allows rapid expansion and meets the requirements of the business which has a leading position in a product which has become fashionable. Yogoberry is one of dozens of franchise brands of a Brazilian origin that have embarked on expansion into the global market in the last few years, giving credence to an aspect as yet little exploited in terms of the global internationalization move of Brazilian companies: according to the Brazilian Franchising Association, there are approximately 70 internationalized Brazilian franchises, with over 700 units spread across 50 countries.

The move overseas includes stores for shoes and



10 Yogoberry:

yoghurt ice cream,
the latest in Iran



9 Carmen Steffens:

shoes for the Arab
Emirates



8 Lilica Ripilica:

for children in
Europe and the USA



6 Colcci: at the
seaside around the
world



7 Via Uno: on almost
all continents

Giraffas in
Florida: new
appearance
in Brazil

accessories, such as Via Uno, from Novo Hamburgo, in the state of Rio Grande do Sul, which has opened in Egypt and the Philippines; and its competitor Carmen Steffens, from Franca, in São Paulo, which has spread as far as Japan and Australia (both brand names are also present in the United Arab Emirates). It has also led Totvs, the software

manufacturer and provider of information technology services, to franchise representatives throughout the Americas, from Chile and Argentina to Canada, in addition to Africa, in Angola and Mozambique; meanwhile Boticário has opened its perfume stores throughout the world, sometimes in places as remote as Saudi Arabia. Almost a quar-

THE BRAZILIAN CHAMPIONS

ALTHOUGH INTERNATIONALIZATION of Brazilian franchises is still very recent, researchers are predicting future growth. The sales obtained from the units abroad, for the companies studied by Thelma Valéria Rocha, of ESPM, do not even reach 5% of the total sales of the franchising companies, but even so, all the businessmen have evaluated these operations in a positive manner. Around 30% affirm that they have achieved a better than expected market share in their foreign franchises; 25% expressed surprise about their productivity; 20% said that they were pleased with the sales obtained from their international units, and 10% affirmed that the return on investment was much higher than they had imagined.

The success of the Brazilian change in the last few years has led the Dom Cabral foundation, from Nova Lima, in the state of Minas Gerais, to include a special chapter on franchises in its 2011 Ranking of Brazilian Trans-nationals. "We have carried out a specific ranking for this area, because the characteristics of internationalization of very different, and the move in the direction of foreign markets has grown substantially for this business model

in the last two years", says Lívia Barakat, professor of the International Business Nucleus of FDC, and responsible for the research. Of the 53 companies which were consulted by FDC, through a questionnaire, 15 responded, and participated in the 2011 Ranking. "This is a good level of participation considering that it is the first year, and that few of the companies knew about it", evaluates Lívia.

The criteria used in the general internationalization ranking – percentage of assets, revenues and employees abroad, compared to the company total – does not make sense for franchises, seeing that the franchisee bears the cost of capital. "Many franchises do not have access to this information", she affirms. Thus, the classification of the franchises by FDC is carried out based on other criteria: in number of units opened abroad, in proportion to the total, the amount of royalties and fees received, revenues from the sale of products (valid for manufacturers who use the franchise to distribute their product) and revenue from units owned abroad, which is the option taken by many companies wishing to get to know a given market, as well as to find franchisees. "As this involves greater investment, this



choice is also more risky", explains Professor Lívia. "For this reason, these companies have advantages over others in the ranking".

According to these criteria, ranking in first position is Via Uno, the manufacturer of shoes and personal accessories, which operates abroad through franchises as well as its own units. Of the 276 units of the brand, 116 are abroad, distributed across Argentina, Chile, Peru, Colombia, Panama, Venezuela, Mexico, France, Spain, Italy, Portugal, Australia, South Africa, Philippines, United Arab Emirates, Jordan, Guadalupe,



HANDOUT/ GIRAFFAS/FABIANO SILVA

the Dominican Republic, Costa Rica and surprisingly, Cuba, where the management model to be adjusted to the peculiarities of the socialist system on that island. Despite an unfavorable exchange rate, between 2009 and 2010, Via Uno managed to increase its sales volume, achieving a growth of 28.6% in terms of revenue from the sale of products to franchisees abroad. As Rodrigo Matos, the company's export director explains, this gain was only possible as a result of the increase in brand name value.

Internationalization ranking by FDC of Brazilian franchises

- | | |
|---|---|
| 1 Via Uno - Personal Accessories and Shoes | 8 Vivenda do Camarão - Food |
| 2 LinkWell - Communications | 9 Koni Store - Food |
| 3 Showcolate - Food | 10 Arezzo - Personal Accessories and Shoes |
| 4 Localiza - Car Rental | 11 Hering - Garments |
| 5 Fábrica di Chocolate - Food | 12 Marisol - Garments |
| 6 Spoleto - Food | 13 Morana - Personal Accessories and Shoes |
| 7 Escolas Fisk - Language School | 14 Puket - Garments |
| | 15 Giraffas - Food |

ter of the Brazilian brand names that have been internationalized through franchising are for sports items and services, health, beauty and leisure; other sectors well represented our food, clothing, shoes and accessories and education (principally language schools). A little over a decade ago, in 2000, there were just 15 Brazilian franchises that had a presence in the international market. Growth has been more than 300%, with strong expansion from 2005 onwards. But what has led to this explosion of Brazilian brands throughout the world?

One of the answers — perhaps surprisingly, but confirmed by the case of Yogoberry — is simple demand on the part of customers or foreign entrepreneurs who, one way or another, have become enamored of Brazilian brands and have become interested in taking them to their various countries. The Iranian businessman who opened Yogoberry in Teheran, for example, learned about the product when on vacation in Rio de Janeiro, the city where the brand was started. The model is valid both for a family start-up company, as in the case of Bae's yoghurt ice cream chain, as well as a company that has already been well established, with an existing export history, such as Via Uno, present in 25 countries around the world. Researcher Daniela Khauaja has studied the internationalization process of 10 Brazilian chains, to form the basis of a doctorate thesis which she defended before the administration department of the economic faculty of USP. She ascertained that almost all began their incursion into foreign markets in this way. "In actuality, it is almost obligatory", said the researcher, who investigated the role of the brand names in the international expansion process of the Brazilian franchises. "I know of cases

where companies have not accepted a franchise request, and have ended up being cloned abroad".

These spontaneous demands are inspired by Brazil's good image abroad, as well as the global economic crisis. Daniela observed that Brazil's good performance during

a Brazilian company that is well capitalized, to open operations abroad", he said. This second factor — the opportunity opened by the stagnation of rich countries — is well demonstrated by the case of Giraffas, a Brazilian fast food chain which is taking the ordinary Brazilian dish



the first wave of the crisis, in 2009, created an extremely positive image. "The mere fact that a company is Brazilian is regarded as an advantage over its competitors", she said. The president of the Brazilian Franchising Association (ABF), Ricardo Figueiredo Bomeny, agrees. "Brazil is enjoyinng buoyant phase and, with the crisis, it is now cheaper for

of beans, rice and farofa (fried mandioc flour) to Miami, in the United States, where in 2011, it opened its first restaurant abroad. "We have taken advantage of the fact that the price of commercial sales premises has fallen", recounted the chain's planning and finance director, Alexandre Guerra. In this first stage, the company plans the opening of 5

to 10 of its own units in the United States, before beginning to expand through local franchises. “We are assuming all the risks, but in this way we have the freedom to develop the project”, explains Guerra. The chain intends to invest R\$ 2 million in its internationalization project.



HANDOUT VIA UNO

Meanwhile Bae, of Yogoberry, does not need to invest anything. “We have been receiving royalties, with no investment at all”, he jokes. Even so, he prefers to take his international expansion gradually. “We are now planning the opening of a unit in Portugal”, he reveals. “I want to study the market well and only open where there is a real chance

of success; I don’t wish to overreach myself”, he affirmed. This characteristic of the franchise model — the possibility of beginning an operation in an overseas market without the need for the franchisor to make major investment, seeing that the costs of the new unit are borne by the franchisee — is another reason for the increase in the internationalization of these chains, says Bomeny, the president of ABF. “This movement has intensified over the last five years, with double-digit growth every year”.

Teacher Thelma Valéria Rocha, from the Masters Program in International Management from the College of Advertising and Marketing (ESPM), is the author of the study “The Internationalization of Brazilian Franchises” (2010, with co-authors Felipe Borini and Eduardo Spers), identified some of the specific difficulties encountered by businessman who chose franchising as an internationalization model. One of these difficulties shows itself to be a dilemma, which can also be a great opportunity. As the domestic market is in a rapid expansion phase, businessmen have all the incentives to concentrate their efforts here, instead of venturing out into a world that is unknown to them, and worse still, affected by a crisis with an uncertain outcome. This scenario has led many people to stamp on the brakes at the moment of taking this step into foreign markets, said Bomeny. Others, however, preferred to view the situation from the perspective of opportunity. “It is the crisis which is creating the growth, and the Brazilian companies, in addition to be-

ing well capitalized, come from an emerging market country”, cites economist Frederico Turolla, one of the consultants to the World Investment Report 2011 published by Unctad — the United Nations Conference on Commerce and Development — about the flow of international investment (this latest edition of the report has a special chapter on franchises and other types of international businesses, which do not require direct investment).

Why the reference to the condition of an emerging market country? For the economist, the readjustments provoked by the crisis have created new opportunities for these economies. Turrolla highlights the strength of the international expansion of the Brazilian franchises in the 2011 Unctad report, making use of the data from Thelma’s study. In contrast to

Many Brazilian brands go abroad to meet demand from overseas clients

other countries at a similar economic stage, Brazil is a franchise market with a two-way street, observes the economist: it is a destination for major global brands, but it also has strong brands that are expanding throughout the world. Emerging market countries, in contrast, usually operate on only one side of this equation: being the destination for global brand names created in developed countries, and not a source of locally created brand names. Contributing to this self-assured growth by Brazilian businessmen in this scenario, is a characteristic which in other circumstances would be considered to be negative: the so-called jeitinho (the Brazilian way)



EDUARDO DE SOUSA

SUPPORT FOR THOSE WISHING TO EXPAND ABROAD

DANIELA KHAUJA'S thesis shows that there has been a change for the better in terms of private-sector and governmental incentives for companies which are becoming internationalized. "The companies particularly cite Apex and ABF

(Brazilian Franchising Association) as providers of assistance, as well as periodic initiatives by the Endeavour Institute, Firjan and the Brazilian Association for the Personal Hygiene, Perfumery and Cosmetic Industry (Abihpec)", af-

firms the researcher. Initiatives by these organizations, alone, will not be sufficient to drive this movement by companies, but they do provide important support, in Daniela's opinion.

This support can take various forms. The director of business at Apex-Brasil, Rogério Bellini, says that since 2006 the agency has developed a series of specific internationalization projects for franchises, in partnership with the ABF. The most recent of this began last year, and will run to 2012, focused on the markets of Australia, Canada, Colombia, Spain, Mexico and Panama, which will serve as a door to the Caribbean. "These countries were identified by intelligence research as being the most attractive for companies", he explains. The project also studies markets which have potential, such as China and the United Arab Emirates, but where entry is more difficult. "We have products which would be good for these markets, but the competition is little different and involves differentiated brand names", explains the executive. Implementation and formatting of the business becomes slower

Today, 24 companies participate in missions, trade fairs, and the Comprador and Imagem (buyer and image) project, developed by Apex.

here understood as willingness and flexibility to cope with unexpected difficulties. "Brazilian franchisors have experience in uncertain markets and are accustomed to dealing with difficult situations", affirms

Turolla. The jeitinho, in this context, translates into the creation of contracts and business models which take into account the uncertainty of the economic environment, being sufficiently flexible to live with

instability. "When applied to situations that are more acceptable, they go very well", says the economist.

For Thelma, of ESPM, more than the expansion itself, Brazilian companies also seek access to techno-

1 Daniela: being
Brazilian is an
advantage for
a franchise

2 Alexandre,
of Giraffas: taking
advantage of
the moment

In addition to participation at international events, which serve to launch franchises, and assess the markets, a business mission is being organized to Canada in the second half of next year. Among those selected are sporting events, such as Formula Indy, where major networking is planned. "It is easier to meet CEOs at these great events, than to create a formal agenda", says Bellini. "There are 12 races in the USA".

Another important aspect of support is at the business centers which the agency maintains at strategic locations, such as Miami. "We used this centre to begin the process, and we still have our office there today; it has been essential", affirms the planning and finance director of the Giraffas chain, Alexandre Guerra. These centers even offer warehousing for products, functioning as logistics support for Brazilian companies. Bellini says that these initiatives are an attempt to inform Brazilian companies that the franchising model works very well for those wishing to begin internationalization. "It is a cheaper and quicker method of expanding abroad", he guarantees.

logical innovations and know-how in more developed markets. "This contact creates a process of learning, which will help them to make the most of the buoyant period being experienced in the domestic

market", she explains. At Giraffas, for example, the first innovation adopted from abroad was in visual communication. "The restaurant in Miami redesigned the visual aspect of the restaurants to adapt them to the American profile, and we brought this new design to Brazil", recounts Alexandre Guerra. This new visual aspect is present in the restaurants at the Guarulhos, ABC Plaza and Poli shopping centres, in São Paulo. "We have also looked at a line of equipment, that is much more advanced", says Guerra. "This equipment can deliver a dish of a higher quality in a shorter time". The executive emphasizes that, despite the crisis, the food sector is still growing in the United States, which continues to be one of the largest food markets in the world. "We chose to begin internationalization in the United States, because if we manage to stand out from the crowd in that market, the growth possibilities will be much greater than in any other part of the world."

Daniela Khauaja said that the fact that the internationalization of Brazilian franchises has taken place more as a function of external demand, than the result of strategic planning, has created a series of difficulties. "Even when a company avoids embarking on expansion without planning, there are problems" she says. "In the case which I cited previously, in which a company was cloned, for example, there is now an ongoing court case". Problems involving different types of legislation appear in the study by Thelma Rocha as being one of the principal difficulties faced by internationalized franchise holders. "In the case of brand registration, as Brazil has not signed the Madrid Protocol, the company is dependent on a judge's

ruling, and the functioning of the judicial system in a given country", says Daniela. The protocol, signed by more than 80 countries, permits the registration of a brand by one of the countries to be valid for all the others. As Brazil did not sign the treaty for bureaucratic reasons — Brazilian government bodies are not adequately equipped to guarantee the rapid registration of foreign brands, in contrast with the rapid timeframe that other countries can offer to Brazilian brands —, the Brazilian businessmen needs to register his brand individually. "Offices exist that carry out this task very efficiently, but it is still complicated",

2



explains Daniele. It is expensive.

Other problems involve the legal requirements and bureaucracy for the export of products that supply the units abroad, in the case of the franchising of the sale of products; competition with more powerful international and experienced brand names; little knowledge of Brazilian brand names abroad, and the difficulty of managing activities in a foreign country. “This latter indicates that many of the companies researched do not consider themselves equipped to operate in other markets other than the domestic market”, evaluates Thelma. However, what matters most, in the end, is the difficulty in finding a local partner. “Brazilian franchisors still depend a great deal on this partner, both in terms of learning about the market as well as the publicizing of its brand name”, opines Daniela. According to the research, finding a reliable partner is the most complicated aspect of the process. “Generally speaking, partners are changed various times, before the right one is found”, she says. “On average, it is usually third time lucky”.

To deal with this problem, Localiza, the car rental chain from Belo Horizonte, entered into a joint venture to set up its first unit outside Brazil. “We needed to expand our coverage on the continent, and as we had experience with Argentinean clients in Santa Catarina and Buzios, we chose Argentina to begin the process”, said the chain’s franchise director, Bruno Andrade. The executive said that the unit remained operating as a joint venture for two years, before the company

withdrew from it, transforming it into an Argentinean unit operating on a franchise. Even so, Andrade said that it did not prove simple to find partners in other markets in the region, in which the company wish to subsequently expand. “Precisely because the brand name was not known”, he said. The way round this was to look for companies in the automotive sector, with its service profile, with investment capacity. The initial capital required to set up a Localiza agency is US\$ 600,000 for the vehicle fleet alone.

“Finding the right partner is generally the hardest part of international expansion

Localiza is present in seven countries in South America, with a franchise chain in each one, which represents 50% of the agencies in the company’s franchise division, and 20% in terms of business volume. “We have our own units in Brazil’s state capitals, but outside these, all the agencies are franchised”, he explains. Overcoming the language barrier – “portinhol”, despite best efforts, is not sufficient in a working environment – and to incorporate the Hispanic culture in the day-to-day running of the business, are all problems which Andrade has identified in operating in neighboring countries. Despite the difficulties, the company maintains an operation which is 100% integrated. “For example, we have a customer loyalty program which allows the client to accumulate points from any unit, in any country”, he says. “The global reservation system also offers the possibility of travel agencies anywhere in the world making reservations with any of our agencies”.

Also in the service area, Casa Cor – the design and decoration trade fair

which began in São Paulo in 1987 which today is the property of Grupo Abril – has strengthened its presence abroad in the last two years, particularly in Latin America. “We began in Peru 10 years ago in a modest way, and subsequently moved on to Panama”, said the president of Casa Cor, Angelo Derenzi. “But the watershed was two years ago, when he went to Paraguay, which came up as an opportunity, and thence to Chile”. The event in Uruguay was held in Punta del Este in January, a quiet period in the Brazilian decoration market, but precisely the month in which that city sees an invasion of summer tourists, particularly Argentinians and Brazilians. “In Chile, the show was an enormous success”, he said. “Brazilian designs and architecture were well received as innovations.”



HANDOUT/CASACOR

“ Casa Cor plans to invest in the United States

To set up a Casa Cor franchise requires an investment of US\$ 50 - 100,000, in addition to the payment of royalties of between 10% and 15%, on total sales. The model is to always look for a local franchisee. “We need to get to know the market in order to achieve success, and for this reason, a local partner is essential, even when we take our show to other Brazilian states”, says Derenzi. For 2012, the plan is to consolidate the brand in Latin America, and invest in Miami. With shows in 17 Brazilian states, and four in other countries, Casa Cor not only attracts companies in the decoration sector. “In Chile, for

example, we have the support of Mastercard, Red Label and Chrysler”, he says. “Everyone wants to link the brand name to design, as a sign of being up to date with the times. It is shop window, open and modern, for trends.”

Chile was also the initial choice of Via Uno, the manufacturer of shoes and accessories, being the company that is the most internationalized of all the Brazilian franchises, according to the ranking published by the Dom Cabral Foundation this year. “We began in Chile, in 2004, when our products and already reached approximately 80 countries, through multi-brand

exports”, recounts Rodrigo Matos, the export director of the company, founded in 1991. With the internationalization process at an advanced stage, the objective was to create greater visibility for the brand name in the markets in which Via Uno operated. From Chile, the stores have spread to 20 countries, on almost every continent, and today exports to franchisees represent 20% of the company’s revenue. The creation of a chain of brand-name stores guarantees Via Uno’s business in the world, even when Brazilian shoes have been losing market share, due to the appreciation in the Brazilian Real, among other reasons. Matos says that a reduction in the rate of expansion has been observed, at least in some markets, as a result of the international crisis. “We are seeking to expand in new markets while also perfecting the management of existing stores, which has positive repercussions”, he affirms.

Researchers and businessmen are unanimous in affirming that the process of internationalizing franchises is still recent in Brazil, and requires more in-depth research. Thelma says that next year she intends to follow up on her initial research. “I want to identify the differences between the companies, and classify them”, she says. The movement of franchise internationalization, although strong, started in Brazil 20 years later than in other countries. “I am intrigued about the long maturation time needed for the franchise model in Brazil to embark on internationalization”, she says. “We have franchises here that have been in existence for more than 40 years, and only in the last five has the movement abroad gained momentum.” ■



Interview

Marco Stefanini



GUILHERME TOSETTO

The geologist who became a businessman

To realize his dream of travelling the world and ridding himself of suit and tie, Marco Stefanini chose to become a geologist. He ended up owning one of the largest Brazilian IT companies, with a presence in 21 countries.

NELY CAIXETA

Second in the ranking of the most internationalized Brazilian companies by the Dom Cabral Foundation, and with 40% of its operations overseas, Stefanini is the result achieved to date by an accidental geologist who survived the so-called “black decade”, which was in fact a little more than this: as it was almost twenty years of difficulties that, however, taught Brazilian business persons a lot. For Marco Stefanini, it was this experience that allowed him to transform a small domestic company in 21 years into the largest Brazilian transnational IT specialist, with 14,000 employees and an annual revenue of R\$1.25 billion. Marco, 51, graduated in Geology, but only needed to work for three months in a cassiterite mine in the interior of Goiás to discover that he was not happy and accepted an offer to join the IT team at Bradesco. “I did a six-month intensive full-time course and got a job”, he remembers. In this interview, he better explains the experience that he gained during the crisis, defines what he believes to be the Brazilian differential in what is a fast-paced and competitive global technology market and tells of what he would like to do now he has achieved so

much – as well as hit the road; obviously: Marco and his family, who have already visited more than 80 countries, are going to take advantage of the year-end break to visit Myanmar, formerly Burma.

You are often referred to as the “one billion-dollar geologist”. How did you get to this point?

I always loved precision and always said I wanted to be an electronics engineer. I was even accepted at several private universities, but my first choice at USP (University of São Paulo) was Geology, also a precision science, involving physics and chemistry, which I liked; I could travel, and it was a less formal course, one which also meant I never had to wear a suit and tie. The only thing was that when I graduated, at the beginning of the eighties, there was a monstrous crisis and I did not have a job. And the banks were training people in the area of computer systems and information technology. So I decided to give it a go. There were twenty six engineers training at Bradesco, a mathematician and me, the geologist. I learned to like what I was doing. I hated ties and all that paraphernalia, but that has changed slightly; although still not my favorite way to dress, I am not that bothered anymore.

Did your love of travel contributed to the process of your company’s internationalization?

Yes, I always loved to travel. There were two important points. One was to be able to travel and see the world. The second is that I always believed in the talent of Brazilian professionals. I would not go as far as saying that Brazilian professionals are well recognized globally, but when compared to the other countries I operate in, I see that we really do have the ability to do a good job, with flexibility and creativity.

Why did you decide to focus on business outside Brazil?

Well, herein lies the dream. That is to say, I always understood that the global market, obviously, is much bigger than Brazil and in 1996 we set foot in Argentina, then Chile, mainly to learn. Our international reference was minimal at that time.

When did the acquisitions start?

At the end of 2007 we realized that, to have any reasonable overseas volume, it was not enough to count on just organic growth. We spent three years looking for a company to acquire. When we found one, at the end of 2010, we made three acquisitions one after the other.

The first, and the biggest, was Tech Team, an American company with a global operation and a presence in 14 countries. Half the revenue, of in the region of US\$200 million, was from outside the United States. A part of it was sold that was owned by the US army, and we purchased it with 2,400 employees and a revenue stream of around US\$140 million. Immediately afterwards, in February of the same year, we acquired CXI, also American, but smaller (300 employees), and Informática e Tecnologia, a Colombian company of about the same size. We then spent the rest of the year trying to consolidate these companies.

What has the challenge been like trying to grow productivity in countries where people fight for the right to work increasingly less, with such strong unions?

Well, in the case of Tech Team, the results were not actually that bad. It was a company with a three-year history of falling revenue and making a loss. We expect it to make a small profit this year, and it will grow, that is to say, it has already changed, although it still does not have the face of Stefanini. This is my biggest challenge over the next few years. I would say that our success abroad is partial, exactly because we still need to work harder on the issue of culture. One way of doing this is to put someone from Stefanini to run the foreign units and implement a work ethic and culture to work hard to produce more. I will let you know how we are doing two years from now.

Does your expansion into the global market have any limit?

I would like to have 50% of our operations, or even slightly more, abroad. I intend to reach this target quite soon, maybe in the next two years. One has to remember that internationalization also has its dis-

advantages, of course - everything in life has a good and a bad side, the positives and negatives. The negative in this case is the spending on energy and capital. Normally a foreign operation has a lower margin than in Brazil. And on the positive side? First, it opens one's mind, provides access to the best practices around the world. It also takes more capacity for planning and organization, the quality certifications. Another point is that we open up markets, and the outlook for growth is far higher in the United States than here. In general, I would say that there are positives than negatives.

Stefanini runs a company that serves the nine largest Brazilian banks and operates in 21 countries

How did you go from being an IT technician to owner of Stefanini?

I ran IT courses back in 1987. It was a boom time for training, as the companies here needed more people in the area and there were a lot of courses, and institutions. IBM outsourced its instruction and I saw an opportunity to start my company. I worked from home for a year before opening an office of 38 square meters in the Conjunto Nacional, on Avenida Paulista. I had a small office and a classroom for up to 12 students.

Did the company already write software?

No. The main activity was IT training. I gave a lot of classes. Between 1990 and 1991 is when we

began to look more at services than training. At that time I was turning over US\$100,000 a year. I was almost a one-man band. I had to do everything for my company from billing, selling, delivering, and meeting service deadlines.

Who were your main competitors?

There were hundreds back then. The sector was fiercely competitive for a small company. Then some of the smaller operations began to fall by the wayside and now there is a bit of everything, from the global giants and mid-sized multinationals to the small fry. Just to get an idea, for about five years Stefanini was part of a group of eight, ten large Brazilian companies. At least two were three times as large as us. Of that group, Stefanini is the only Brazilian company left. Almost half of these companies went bankrupt and the others were sold to foreign companies. We are now six or seven times larger than the second-placed company, but this is not only the result of growth - but also the general denationalization of the IT services sector.

Did living through and surviving the so-called "black decade" help form Stefanini?

That is a good point, as we have a culture forged during an extremely challenging period. It is a culture that attributes value to capital, money, and the belief in a lot of hard work, to be simpler, focused on the client and with a less hierarchical structure. I learned not to be hierarchical at Engesa (a manufacturer of armored fighting vehicles, that filed for bankruptcy at the beginning of the nineties), where I went to work after I left Bradesco. Engesa had certain principles that were completely opposite to the bank. As well as being extremely hierarchical, the company spent more than it earned. In addi-

tion, there was no meritocracy, as having a well-known surname or being the friend of the owners helped more in your career. And that bothered me a lot. At the end of the day, all these characteristics were molded during difficult times and now are a great asset to the company. I usually say that at the beginning, between 1992 and 1997, was our Golden Age. From then on, the work was just to improve. Growing beyond Brazil's borders began in 1996 in Argentina, but the focus on foreign operations only sharpened up in 2001.

What would a good example of this hard case scenario of learning be?

The Plano Collor was one of the biggest travesties in this country. When you tell this story to someone younger nowadays, they have no way of understanding what happened. It was only fair in 1990, the year in which I was to start to get going. I had scheduled 31 courses – I will never forget that number – three or four months beforehand, more classes than I had given in the entire previous year. With the Plano Collor, one course remained and I only got paid four months later. Besides the confiscation of all the money I had, which being a scrooge I had saved. I went through a period of horrendous financial difficulties, but this gave me and other Brazilian businessmen a brutal resilience, which Europeans, for example, don't have.

Did you learn your management skills in the field so to speak?

I never did a Business management course, but I am a good listener. Although I love to talk, as I am a salesman, I always listened a lot. I would say that my management was learned listening to people, reading a lot, of realizing when I did something wrong and not being frightened to admit it and go back and get

it right. But my practical vision of the company combines with somebody else's theory and process. it worked. Over time we gave more and more value to people. We looked more at the behavioral side, the positive energy and attitude of exactly what knowledge was needed. One can acquire knowledge.

The Indians have grown a lot in the world of IT. Is there any niche that Stefanini has more of a chance of developing than in other emerging countries?

The Indians, in fact, are well ahead of everyone, as they created the concept of the "workshop", exporting services. As a result I believe

With 14,000 employees, revenue in 2011 is expected to reach R\$1.25 billion, of which 40% is from foreign units

it would be wrong to adopt the Indians as a parameter - as without doubt they will be the leaders for many years in relation to any other country. But India has a weak domestic market, the inverse of in Brazil, which has a strong domestic IT market. The idea that Brazilians are creative and flexible is widely accepted, as well as having been tried and tested during several crises, which has differentiated IT solutions here. Hyperinflation obliged the banks to invent systems to protect money. We have innovative products that other countries do not have and do not use. But we need to streamline our organization and planning

Is there a possibility of the company growing in China?

We are already in Asia, in Thailand, the Philippines, India, Australia and even China. We want to create a large service center in the north of Chinese territory, in a province called Jilin, which is in the old Manchuria. It was occupied by Japan for a time and has a population that speaks Japanese. Our two initial objectives are to serve the multinationals, which are our potential clients, and Japan. The next step would be to work with the Chinese, and to export. China is a good example of how we operate, as we develop a presence in the country through acquisitions, to meet the demands of clients there – and all Americans ask: "So, are you going into China"? We will also count on the support of our advisor in Europe, A Brazilian Portuguese who has already set up a factory in China and knows the Chinese model.

Do you intend to list Stefanini?

We were planning an IPO in 2008 but gave up the idea due to the global economic crisis. At that time we had to establish a three-stage plan: the first being to get through the crisis, which we did. The second, to make acquisitions, which we did. The third, an IPO. But we are not planning this in 2012, as even in an improving market, we do not have the full scope and range necessary to do this successfully. We still need to make a few more acquisitions, we are still growing, and we have to consolidate all these operations to leverage them, and there is just no time to spend on an IPO at the moment.

Where will Stefanini expand?

I really don't know. We will take a look back in three years. Our market is so dynamic. if you fall asleep at the wheel, rather than just grow; most companies end up being taken over.

WEG from Santa Catarina: expansion in China, Europe and the Americas

Time to go shopping

After the post-recession downturn in business, Brazilian multinationals are starting to invest in the global market again.

SUZANA CAMARGO

The electrical equipment manufacturer based in the state of Santa Catarina, WEG, announced the acquisition of Watt Drive last November, an Austrian company specializing in the power transmission sector (*an Austrian corporation that designs and manufactures gearboxes, gear motors, drives and control systems*), with a production plant near Vienna and assembly units in Germany and Singapore. Watt Drive's revenues in 2011 are estimated to reach 30 million. In addition to this acquisition, and in the same period, WEG also acquired Electric Machinery, a unit owned by GE Con-vertteam, in the United States and Pulverlux, in Argentina, specializing in the manufacturing and sale of powder paints. In a similar fashion

to WEG, Iochpe-Maxion (also from the South of Brazil) purchased the American company, Hayes Lemmerz International a few months earlier, a manufacturer of wheels and auto parts, in a deal worth R\$725 million. Also in the second semester of 2011, Brasil Foods (BRF) – created through the merger of Sadia and Perdigão, also invested in two new acquisitions overseas. The Brazilian company acquired corporate control (two-thirds) of Avex, an Argentine poultry producer and exporter together with its new partner, Flora Dánica, a manufacturer of food products. In the financial market, Banco Safra announced the purchase of a stake in the Swiss bank, Sarasin, at the end of November for US\$1.13 billion.

And these were not isolated

Companies gain assets, revenues and employees abroad



cases, as Votorantim, Gerdau, Vale do Rio Doce, Petrobrás, Bradesco and Camargo Corrêa were among other Brazilian companies that made acquisitions in foreign countries after the global crisis. Several made sizeable acquisitions, of more than US\$100 million. "There was a slight decline in 2009, as a result of the global economic crisis, but Brazilian companies began investing again in 2010, increasing their assets, revenues and employees overseas", stated Livia Barakat, professor at the International Business Center at the Dom Cabral Foundation. Livia was one of the researchers responsible for the 6th Edition



HANDOUT/WEG

of the Ranking of Brazilian Transnationals, prepared by the Foundation. In her view, there was an evident resumption in process of overseas expansion among national companies. “Companies appreciably accelerated the process of acquisitions, mergers and the opening of subsidiaries abroad”.

Published by the Central Bank last December, the result of the survey of Brazilian Capital Overseas (CBE) underscores that in the last three years there has been a growth in asset stocks abroad owned by both individuals and corporations resident in Brazil. Conducted since 2001, the current edition is for the

period between 2007 and 2010. In 2008, foreign direct investment (both by individuals and corporations) totaled almost US\$212 million. In the following year, 2009, there was an increase of slightly more than US\$10 million in this figure, which reached US\$223 million. However, from 2009 to 2010, the total of direct investment jumped by US\$50 million, reaching US\$274 million. In 2010 alone, Brazilian companies declared an asset volume of US\$228.9

billion overseas. According to the Central Bank, the companies that received foreign investments from

**Total Foreign
Direct
Investment
(FDI) in Brazil
totalled US\$
189.2 billion**

Brazil were, for the most part, large caps, with individual Brazilian capital interests of more than US\$1 billion. Fiscal tax havens such as the Cayman Islands, the British Virgin Islands and the Bahamas continued to

attract investors and together received something in the range of 34% of Brazilian investment, which makes any realistic estimate impre-

cise in relation to the effective destination of this capital — and very often external investment makes a “stopover” in a fiscal tax haven before arriving at their final destination. The sectors that received the biggest injections of Brazilian capital were agriculture, livestock and mining, the oil and gas industry and financial sectors and food.

One of the highlights in the ranking of transnationals most involved in internationalization in the study (see the list on page XX) was the technology company Stefanini IT Solutions. Placed 17th in the previous year's ranking, the company jumped to number two, registering a growth

For some companies, it has already become difficult to grow in Brazil

of 223% in its level of internationalization, based on the transnational index calculated by the foundation. This leap up the ranking was the result of the acquisition of three foreign companies in 2010, one in Colombia and two in the United States. The acquisition of the American company; TechTeam, which already had a sizeable footprint in ten countries, gave Stefanini access to these markets in one fell swoop. “The internationalized Brazilian companies that have grown stronger in the past few years have, generally speaking, become more globally competitive”, said Marco Stefanini, the company's founder and president. “Stefanini

has become more competitive, as it has improved its production and marketing processes, and invested in its sales force”.

Stefanini opened a new affiliate in the city of Jilin, in Northern China at the end of 2011. The company, which already had an office in Shanghai, is paying particular attention to the auto manufacturer multinationals in the country. “The IT Market abroad is huge, and there are abundant business opportunities”, said Stefanini. The Brazilian multinational projects a revenue stream of US\$1.25 billion in 2011. Of this total, 40% should be generated by its international operations.

For the economist and professor at PUC-SP, Antonio Corrêa de Lacerda, the growing strength of Brazilian companies abroad is part of a structural movement that began



WEG in China and recent acquisitions by BRF (Plusfood, Holland), Stefanini (TechTeam, USA) and Braskem (Sunoco, USA).

AFTER THE CRISIS

Brazilian multinationals made large acquisitions in 2010, the year in which the Brazilian economy grew 7.5%. Some of them are listed below:

(US\$ MILLION)

PURCHASER	ACQUIRED	COUNTRY	VALUE
Vale	BSG Resources Guinea	United Kingdom	2,500
Camargo Correa Portugal SGPS	Cimpor Cimentos de Portugal	Portugal	1,894
Gerdau	Gerdau Ameristeel Corp.	Canada	1,607
Marfrig Alimentos	Keystone Foods LLC	Estados Unidos	1,260
Votorantim	Cimpor Cimentos de Portugal	Portugal	1,192
Votorantim Metais	Cia. Minera Milpo SAA	Peru	419
Petrobras	Pasadena Refining System Inc.	EUA	350
Braskem	Sunoco Chemicals Inc	EUA	350
Petrobras	Devon Energy Corp-Cascade Inc.	EUA	180
Banco Bradesco	IBI Mexico	Mexico	164

SOURCE: ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN, 2011: FOREIGN DIRECT INVESTMENT IN LATIN AMERICA AND THE CARIBBEAN, 2010.



some time ago, driven by a variety of factors: the stepped-up competition, easier access to the capital markets, and the possibility of removing tariff barriers and generating revenues in foreign currencies. “Brazil, which until the decade of the 1990s was characterized as one of the largest emerging markets in the world in terms of inflow of external capital, has since transformed itself into an foreign investor”, explained the economist.

As a result of the ongoing developments in terms of domestic businesses, for some companies the local market became saturated, as is the case for the biggest players in several segments, such as: JBS-Friboi, a Gerdau, Camargo Corrêa or Vale do Rio Doce, which need to seek out new opportunities in other countries. “Some companies already have the biggest national market share and are finding it difficult to expand in Brazil”, explained Livia Barakat. “In this case, the company usually has a presence in every Brazilian state, supplies most of the domestic consumption and needs to take advantage of opportunities outside of Brazil to grow”. If, on the other hand, Brazil still offers growth potential, a balance needs to be found between



PROFITABILITY HIGH

THE NEW wave of internationalization among Brazilian multinationals also proves the entrepreneurs and executives at the helm of these companies are more experienced. A surprising result revealed in the survey by the Dom Cabral Foundation about Brazilian transnation-

als was the increase in their profit margins abroad, which were close to domestic margins. Historically, this difference was significant — in 2009, the profit margin abroad for the companies included in the survey was 6.9%, and the domestic margin 13.9%. By 2010, the margin

abroad had reached 15.6%, almost the same as the domestic level of 15.8%.

For Livia Barakat, the change shows the companies' increased capacity to manage international businesses, as the increase in profit margin has come at a higher proportion



GUILHERME BERGAMINI

the internal and external opportunities, bearing in mind the Brazilian anti-trust rules of competition that prohibit the concentration of any excessive market share in the hands of any one company.

“When we are talking about growth through acquisitions, the best opportunities are generally in the external market, mainly due to the restrictions imposed in the Brazilian market since the merger of Perdigão and Sadia”, explained Wilson Mello, vice-president of corporate affairs at Brasil Foods (the company created by the merger). However, the domestic market is still important for the company, particularly in this sector – food – which has been expanding at faster than Brazilian GDP for several years now. For the BRF executive, one of the secrets of the company’s success is the balance maintained between the external and internal markets. Historically, the company’s senior executive stated that BRF’s performance in terms of revenues is close to 45% from abroad and 55% in the domestic market, which gives it the chance to tailor its operations to the improvements and/or deterioration in these markets. “The international market is not a priority, but has always been strategic for the company, and we are well aware of the potential”, says Mello. The next strategic step for Brasil Foods is to complete the construction of a plant in the Arab Emirates, scheduled to start up in 2013, together with the continued operations of its three existing international plants, in the United Kingdom, Holland and Argentina. An investment of US\$120 million with a production capacity of 80,000 tons /year of processed chicken, the unit in the Emirates

than the growth in revenues. “This shows us that the companies are becoming more efficient in the production and management of costs”, she explains. The FDC researcher believes that Brazilian managers are now far more experienced. “Our executives have worked more

abroad, have developed a global vision and developed intercultural skills”, she added. “Our companies have been extremely successful with their strategies as they are more capable of dealing with moments and scenarios of uncertainty and instability”.

will supply the entire Middle East, which accounts for approximately 32% of the company's exports, and even North Africa if necessary.

Other companies are reinforcing their foreign expansion as part of a strategic objective. This is the case for one of the pioneering industries in terms of the internationalization of Brazilian companies, Eletromotores WEG, based in Jaraguá do Sul, in Santa Catarina state — now one of the largest electrical equipment manufacturers in the world. “We have a presence in all the world's continents and our aim is to have 20% of production outside Brazil”, said Harry Schmelzer Jr., the company's president. “We are well on our way in terms of achieving this”. According to Schmelzer, increasing investment in production outside Brazil is a priority. “We would like our foreign manufacturing units to have



HANDOUT

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more of a share in our production volumes and results”, says the CEO. With its extremely low-profile image, WEG has adopted an extremely aggressive and successful corporate

strategy: as it now has 15 industrial units in Brazil and eight abroad, with a presence in countries such as China, India and South Africa.

For many companies, the Brazil

THE WORLD ON THE RADAR SCREEN

WHAT HAS changed for Brazilian businessmen in the last decade in terms of the internationalization of national companies? The outlook has changed, says Reynaldo Passanezi, director and vice-president of Sobeet - the Brazilian Society of Studies on Transnational Companies and Economic Globalization. Today, he says, the possibility of opening an international operation is on the radar screen of large, mid and small-sized companies, and is part of their strategic planning — even if not adopted immediately. This is because, on the other side of the coin, internationalization at this point in time, is not an

imperative for Brazilian companies, which are currently benefitting from a swiftly expanding domestic market.

“To a certain extent, Brazilian companies have no real need to internationalize right now, in the sense that they need to look further afield as the domestic market does not offer any growth opportunities”, says Passanezi. External expansion, given this scenario, is an alternative to be considered, but can be left for a later date, given the opportunities opening up in the Brazilian market. Even so, the cross-border movement of companies is in line with economic growth,

which is reflected in the stability of the indicators of external investment monitored by Sobeet. These are relative, explains the economist: they measure the degree of a company's internationalization in relation to their domestic activity. “The numbers are stable in relation to the domestic market”, says Passanezi. “As the domestic market expands more, it will be more difficult for internationalization to grow much more”. That is to say: stable indicators indicate that external investment by Brazilian transnationals has been proportional to domestic market growth, which has been healthy.



“Some companies with primarily export driven revenue streams start to open manufacturing subsidiaries, thus benefiting from the strong real”. On the other hand, contrary to this favorable effect, the economic crisis being faced today by many countries in Europe and the United States could also negatively affect Brazil’s global expansion, in ways still to be seen. The fact is that European banks have already reduced the volume of credit on offer. And in spite of speculation in the domestic Market that Brazilian companies are awaiting future privatizations in indebted countries in Europe, such as Italy, Spain and Portugal — forced to divest themselves of state-controlled assets to cover their fiscal “black holes”— some businessmen believe that these business opportunities may be very risky at the moment.

“The American and European markets are going through troubled times, consequently the companies in these countries are *moderately* attractive”, said Marco Stefanini. The president of WEG stated that the experience obtained working for years in an unstable economy such as Brazil gave the company the experience necessary to explore the growth opportunities that opened up, even during times of less growth. “Our business model is based on the diversification of risk”, said the executive. “We are Always seeking to diversify our exposure, and not concentrated in a single sector, segment, industry or geographical location”, he added.

For Professor Oliveira Júnior, the acquisitions in Europe really need

Cost and recent appreciation in the exchange rate are factors that drive the moves to purchase or install new manufacturing units on foreign soil. “Producing here has become more expensive with the appreciation in the real”, says Marco Stefanini. “As well as the exchange rate, the tax burden on final products is also high”. Organizer and co-author of the book: *Brazilian Multinationals*, which recently won the Jabuti Prize in the category of Economics, Administration and Business, the economics professor at USP, Moacir de Miranda Oliveira Júnior reinforces this perception of Brazilian entrepreneurs. “Surveys show that the main challenges faced by multinationals are not abroad, but in the Brazilian institutional environment, particularly associated with infrastructure problems, variations in the exchange rate as well as, to a certain extent, the need for the government

The overvalued real provides an incentive for companies to go abroad

to define its internationalization policy for national companies more clearly”. Oliveira Júnior states that, depending on the sector of operation and model adopted, foreign production can often be cheaper. “The high production costs in Brazil, and the depreciation in the US dollar could directly affect Brazilian companies’ exports, leading many of them to set

themselves up outside Brazil”, agrees Schmelzer Júnior, president of WEG.

As well as the favorable exchange rate for the real, the crisis in EU countries has also contributed to opening up opportunities for new

mergers and acquisitions, as foreign assets are priced lower. “The exchange rate strongly favors corporate expansion, as it is unfavorable to exports, and many companies see foreign production as an alternative to not suffering the effects of the over-appreciated real for exports”, believes Livia Barakat, of the FDC.

1 Dánica: BRF has targeted Argentina for food production

2 Inauguration of WEG in India: presence in the emerging markets

PUTTING ON MUSCLE

The more transnationalized Brazilian companies in 2011
(in relation to their total size)

COMPANIES		INDEX OF TRANS NATIONALITY
1	JBS-Friboi Food	0.596
2	Stefanini IT Solutions Information Technology	0.469
3	Gerdau Mining and Steel	0.462
4	Ibope Market Survey and Opinion	0.423
5	Marfrig Food	0.380
6	Metalfrio Commercial Refrigeration	0.337
7	Odebrecht Construction	0.327
8	Suzano Pulp and Paper	0.315
9	Sabó Auto Parts	0.311
10	Vale Mining	0.292
11	Magnesita Refractory Products	0.288
12	Tigre Construction Material	0.263
13	Lupatech Equipment and Parts	0.238
14	Arteca Chemical Products	0.220
15	Votorantim Cement, Metallurgy, Pulp and Paper	0.205
16	Weg Electrical Machinery and Materials	0.199
17	Brasil Foods Food	0.195
18	Embraer Aviation	0.187
19	Ci&T Software Information Technology	0.158
20	Marcopolo Auto Vehicles and Coachwork	0.158

SOURCE: THE DOM CABRAL FOUNDATION



to be well evaluated. “The current scenario is pointing to a period of economic stagnation that will lead to a drop in competitiveness”, he warns. “It is not a matter of buying just because it is cheap, you have to generate value, revenue, innovation and knowledge”. In the opinion of the economist, we will not see a solution to the crisis in Europe and a more stable Euro this decade, and the weakness of the EU currency will affect the whole idea of the Union as a supranational community, something that has never happened since the euro was created.

Less interested in the so-called mature markets, Brasil Foods sees

ON THE ROAD

EVEN WITH the concern and insecurity about the future of the global economy and the possible contagion in Brazil, the Brazilian multinationals are still confident. Of the 49 companies that took part in the survey conducted by the Dom Cabral Foundation, only 12.8 % are not considering expanding

their internationalization in the next few years. Almost 90% of them have plans for foreign acquisitions, mergers and partnerships. In 2012, the companies confirmed they expect to see an improvement in performance in terms of sales and market share. “We are concerned, but optimistic in rela-

tion to 2012; it will be a difficult year because of the international crisis, although one with plenty of opportunities in our business”, believes Wilson Mello, of BRF. “We will move into areas that were previously supplied by European industries and there is still the possibility of opening up new markets



AGÊNCIA VALE

A coking plant owned by Vale in Mozambique: betting on Africa

the main growth opportunities in the foreign emerging markets. However, in these countries that are weathering the storm of the global crisis better, the companies there are not getting any cheaper — on the contrary, they are appreciating in value as a result. BRF has just finalized a joint-venture in China, and has high hopes for its operation in Argentina. “Argentina is very similar to Brazil, it has a growing domestic market, together with very competitive production costs in the food sector” says Wilson Mello. “We believe that the domestic market in Argentina is as interesting as in Brazil, and is also an exporting platform”. For BRF, Brazil is still one of the most

competitive places to produce food products, together with Argentina and the United States.

What some specialists are asking, Oliveira Júnior among them, is whether the current global crisis will be no more than a reordering of global capitalism as a result of the lack of corporate competitiveness in more developed countries, which is associated with the elevated cost and difficulty in differentiating in relation to the emerging multinationals, which opens up the possibility of these new competitors gain-

WEG aims to have 20% of its manufacturing facilities abroad

ing international space. “Brazilian companies had the correct approach that they needed to become part of the large global production chains, particularly to ensure they do not become easy acquisition targets for their main competitors”, said economist and professor at PUC-SP, Antonio Corrêa de Lacerda. But the depreciation in international assets and the strong real have also created a worrying movement towards the Brazilian domestic market. “This attracts foreign investment here, in the so-called backyard of the Brazilian multinationals and these companies need to protect themselves from the advances being made by foreign multinationals”, emphasizes Oliveira Júnior, the organizer of the book *Brazilian Multinationals*. The economist cites the financial sector as an example, as in the past few years Brazil has seen the entry of several foreign financial institutions interested in a slice of the pie in this fiercely competitive segment, and which has been growing extremely quickly. ■

for Brazilian products, such as selling our pork to Japan and Korea”.

Stefanini already has ambitious plans for 2012: investing US\$120 million in new acquisitions before 2013, 60% of this total in foreign companies; increasing the revenues from foreign affiliates by 60% to 50% of total business.

“The strengthening by Stefanini in the international area has been planned and executed for 15 years, and the global economic crisis merely helped a little in this process”, said the company’s president. Brasil Foods also minimized the importance of the global crisis in terms of its business growth.

“Investments outside Brazil are long-term projects for BRF”, stated the vice-president for corporate affairs. “The question of the appreciation or depreciation in the real does not interfere with our long-term strategy and our decisions are based on this strategy, not on a one-off scenario”.



SIMONE COMI/WIKIPEDIA

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Homes Brazilian style

A half century after the modernist masters' generation, Brazilian architecture is again advancing in other continents

LILIAN PRIMI

As soon as she graduated in 1989, Débora Aguiar was recommended by a friend to a Brazilian family wanting to build in Orlando, Florida. The first meeting was in a hotel in São Paulo and Débora felt insecure. "There was this enormous table and everyone spoke in English, a language of which I had only a modest grasp,"

she recalls. Today, she is working on 15 projects either completed or in progress and commands a team of 50. And her clients are not only Brazilian. Among other work, she has a condo project in Palm Beach, Florida as well as jobs in New York, Miami and Luanda (Angola).

Débora's story has been repeated with other Brazilian architects over the past few years. Following

in the wake of the large Brazilian construction companies that have begun to operate outside Brazil or at the hands of Brazilians buying property overseas, the majority of architects have begun to attend Brazilian clients with overseas projects, these serving as a bridge to foreign customers. For Miguel Pereira, director of international affairs for the Institute of Architects of Brazil (IAB),



the ready acceptance of our architects reflects the story of Brazilian architecture, which began to conquer the world by creating a tropical version of the modernist movement in the middle of the 20th century. “We developed an important international profile with names such as Oscar Niemeyer, Lelé (João Filgueiras Lima) and Paulo Mendes da Rocha”, Pereira explains (Niemeyer and Mendes da Rocha won the Pritzker Prize, the most important international award in the area). The current movement is different however. “It’s more directed to providing services, benefiting from heritage that the masters have left behind”, he says.

Miguel explains that in the sixties, the leading Brazilian architects

were invited by governments and clients from other countries thanks to the innovative nature of their individual projects. Today, our architects are venturing principally into markets which have opened up to a greater presence of Brazilian companies with a global outlook: Miami in the United States, Luanda in Angola and Dubai in the Emirates, among others. There is no single reason for this. In Miami, the attraction is the large number of Brazilians who have bought homes and apartments there. In 2010, there was a 5 percentage point increase in the number of Brazilians among foreign property buyers according to a National Association of Realtors (NAR) report in the United States. In Angola, the Brazilian presence is growing because of a

The new markets can be as contrasting as Luanda and Miami

combination of factors: the need to rebuild the country following a long civil war and the cultural affinities between two countries that speak the same language and are linked by ties of ethnicity from the time that Brazil received a massive influx of Africans as slaves. “In Luanda, it is Brazil which is calling the shots in the architectural market”, says Débora. In Dubai, on the other hand, it is the market that is opening in a city which is an international business hub, attracting professionals and service providers from all over the world.

But the Brazilian architects themselves detect another factor in their favor which is difficult to

1 Mondadori, in Italy: Niemeyer in 1975...

2...and Belas Park, in Luanda: two generations of architecture

measure but perceptible in the day-to-day relationship with clients and in market surveys: Brazilians are accustomed to giving personal and individualized treatment to their clients which is not common in other countries where the project and construction usually follow more standardized rules and at an industrial rhythm. “Our architect listens to the client. adapts to his needs. is

can neighbors (Chile, Uruguay and Argentina) as well as tougher markets such as Portugal and France in Europe; or New York and Canada in North America. A quantitative survey by Abea shows that in 2010, five affiliated offices finalized contracts worth a total of US\$ 4.118 million in Angola, the US, Mexico, Lebanon and France. The larger part of this total – about 80% - is represented by

of Brazilian companies and professionals along the entire construction chain. Still at the incipient stage, internationalization is vital for Brazilian offices, affirms Ronaldo Rezende, Asbea’s president. “Brazil is being invaded by foreigners seeking partnerships with local offices to exe-



HANDOUT/AVIC

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patient and accepts changes at any stage of the process”, explains the manager of the internationalization project for the Associação Brasileira dos Escritórios de Arquitetura - Asbea (Brazilian Association of Architecture Offices), Carina Carvalho. “We always try to find a way to do what the client wants”, concludes Débora Aguiar.

Armed with this unexpected competitive edge, the Brazilians are beginning to make incursions into the markets of their South Ameri-

can neighbors (Chile, Uruguay and Argentina) as well as tougher markets such as Portugal and France in Europe; or New York and Canada in North America. But the signs are that the numbers may go higher, “We are right now trying to create a database for extra-Brazil activities but we are still finding a lot of difficulty in accessing information”, the executive explains.

Asbea’s internationalization project is being developed in partnership with Apex Brasil as part of the Brazil Casa Design Program, which disseminates the availability

cute projects here” he says. “This is what is called globalization and we have to learn to live with it.” Seeking opportunities in other countries is a form of defense against this influx. Says Ronaldo, this is still a recent process which would explain the lack of reliable figures. “The project is in line with a trend that has been taking place over the past ten years on a sporadic basis”, says the

1 Condo in Angola:
similarities with a
Brazilian home...

2 ...noticed
by architect,
Telma Santini

architect. "We are learning how to present ourselves".

One of the ways of doing this is to promote missions for prospecting and opening up markets in other countries. Delegations have already been to Dubai, Colombia and in the middle of last November, South Af-

projects for residences and commercial spaces in such different countries? It all depends on the situation and the moment of each market. In Miami, in the richest country in the world, Brazilians are seen as foreigners whose investments are helping to offset stagna-

States, and called in architects, Fernanda Negrelli and Andrea Teixeira to decorate the property, thus bridging the gap between Brazilian professionals and foreign clients. The



BIA PARREIRAS

rica and Mozambique. Ronaldo sees a parallel with the Associação Nacional dos Fabricantes de Cerâmica - Anfacer (the National Association of Ceramics Manufacturers). "Ten years ago when they began to internationalize with the support of Apex, Brazil was in fifth place among ceramics exporters and today we only lose out to China".

But what is it like to work on

tion in the American economy since the 2008/2009 financial crisis. "Here we are called happy Brazilian people", says Virginia Mendes, a Brazilian realtor that lives and works in Miami for six months of the year. "People like to relate to us and work with us." Virginia bought an apartment in Trump Tower, a high class condo brand name which is spreading throughout the United

two architects hired a local office to execute the project to make things easier. "It's that the measures are different, in feet, and you need the authorization of city hall for everything - really, everything, even to change the position of a light switch, and there is still a problem with decorative accessories in the home", says Fernanda.

Once again it's the problem of

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standardization. Furniture and decorative items in the United States, while of an excellent quality, come off a production line. Since clients want exclusivity, this becomes a problem. “Everything which is not standard, is expensive and complicated; in the end I had to bring in a lot of things from Bra-

nanda has been in Miami for seven years and says that the competition has increased considerably of late. “I have friends moving here to work as decorators”, she says.

Angola is a totally different reality with huge social inequalities and a very poor population despite its enormous mineral wealth – the

Roberto Castro de Mello, director of the office, Botti & Rubin of São Paulo, which has commercial center projects in Luanda for the construction company, Odebrecht. He cautions that he does not feel he has the right to opine on the behavior of a population that has experienced and continues to experience such



HANDOUT / MARCO SCANONE



zil”. In this context, Fernanda says she won brownie points since she is able design exclusive items in wood, not common in the US. “As our construction systems are more labor intensive, we are used to this sort of demand”, she explains “Most Brazilian architects work like this”. Fer-

country is a major producer of oil and diamonds. Says Débora Aguiar, there exists a certain resentment of foreigners, who with a privileged local minority, enjoy a standard of living which is totally unattainable for the local population. The scars of war are still to be seen, explains

difficulties. “There are certainly some conflicts with the Brazilians who go to work there... and for understandable reasons”, he declares. “On many occasions we are viewed as colonial invaders, but with time this will certainly change.” Despite the eventual conflicts, Roberto

highlights the familiarity between the two people. “We are brothers”, he declares. “The streets of Luanda, despite the destruction of war still apparent, are very familiar: we recognize ourselves in them.”

For the architects, the familiarity also appears in some cultural traits: the taste for colors and the institu-

Northeast. “They use this kitchen for family reunions and to prepare their meals every day” says Telma Santini of the office, Ravic which has its head office in Luanda and a branch in São Caetano do Sul in Brazil. Telma says she opened her office in Angola five years ago, just after the civil war had ended when she went

At another point on the architectonic scale, Botti & Rubin was one of the offices responsible for the Belas Business Park, a complex with 18 residential and commercial tower blocks and a shopping mall in the Luanda Sul district, launched by the Brazilian constructor, Odebrecht in 2006. In addition to Belas Business Park, Odebrecht has already launched another five real estate projects in Luanda with apartments and houses of between 120 and 490 square meters. Luanda Sul is where the majority of Brazilian-inspired projects are located and includes the most affluent areas of the city: Talatona, Ilha de Luanda and Miramar – where urban renewal has most advanced. But the Angolans that can access these projects are few and far between. The Belas Park project, for example, has as its core market the expatriate community in Luanda. There, the majority of architects work for expatriates or for high income Angolans, who represent just 5% of the population, says Roberto de Castro Mello. Débora Aguiar says that there is no middle class in Luanda. “Either they are millionaires or they are on the bread line.” But Telma Santini believes the rebirth of this segment of the population is beginning. “The government is investing in popular housing and there are Angolan investors, my clients, who are beginning to build for the middle class”, she says. “We sell everything quickly since the demand is much greater than supply”. Decoration projects however are only for the AA group, the only one to have the financial clout to hire an architect.



MIDAN STUDIO

tion of the “service” kitchen installed in the leisure areas in the external part of the houses – exactly like the town residences of farmers in upstate São Paulo. Because of the heat, these outside kitchens open onto enveloping verandas in the same way as in the “sertão” of the Brazilian

there with her ex-husband who was working for a construction company. She returned to Brazil when she separated and opened a branch in the ABC - greater São Paulo metropolitan area. Ravic does projects in Luanda principally for investors that finance high-end condos.

- | | |
|----------------------|------------|
| 1 Débora | 2 ...among |
| Aguiar: fifteen | them, in |
| overseas projects... | Luanda |

But not all in the internationalization of Brazilian architectural services has the wind in its sails. The global crisis resulting from the meltdown in the US real estate market in 2008 has put a damper on things: while the emerging world builds, the developed world cancels or postpones investments. Débora Aguiar knows all about this. She has six projects on the drawing board overseas but another in Dubai is at a standstill – the client is an American in the financial market. She began work on shops for a chain of cafes in Montreal, Canada with plans for global expansion. But again, the client is also waiting for better times.

A solution to the crisis in the developed world might be the enhancing of services. Maurício Queiróz, for example, manages an office in



BUILT BY BRAZIL

BETWEEN 2009 and 2010, the aim of the first phase of Asbea's internationalization project was to introduce a representative brand, Built by Brazil, in overseas markets. "It positions Brazilian architecture as architecture associated with a strong constructive experience, reflecting the creativity and versatility of the Brazilians and is based on the concepts that enhance the human being and the environment", explains Carina Carvalho, the project's manager. In the second phase between 2011 and 2012, Carina explains that the project will focus on a system of market and sector information. "We want to create a central database and investigate export opportunities for Brazilian architectural companies", she

says. A survey has thrown up these opportunities in global markets. In Africa - Angola for example - there is demand for low income housing projects, an area where Brazil has something to offer. Other requirements are new public and urban spaces for leisure with a focus on social inclusion (theaters, exhibition areas, museums and parks). "They are areas in which we have a competitive edge", Carina believes. Today in Africa, however, the greatest opportunities lie in Mozambique. This is another large Portuguese-speaking African country where demand for construction work is increasing. "Mozambique is growing at an annual average of 12% and has various infrastructure projects backed by international credit lines",

declares Ronaldo Rezende, Asbea's president. There is still major potential in the tourism sector which demands more than just hotel construction — the entire chain for serving the visitor, such as restaurants, stores and leisure complexes, still has to be installed. Outside Africa, Asbea identifies potential in Panama thanks to the widening of the canal linking the Atlantic with the Pacific. "The principal project has spawned many smaller adjacent ones, which could be a good opportunity for us", says Rezende. But there, the Brazilians will have to meet strong competition from the Americans who already have a solid footprint in the country. A prospecting mission has already been sent to Colombia, another growth mar-



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1 Mauricio Queiroz: Service makes the difference in retailing

2 Gabriela and Tatiana: the party in Miami is not going to last for ever

Brazil specialized in commercial projects, focusing on product design. Right now he is working with a Portuguese chain of watch retailers, Boutique dos Relógios. “The chain’s executives came here to do market research and, besides retaining my office for revamping the stores, took a lot of new ideas away with them on how to take the business forward”, he explains. One was credit sales. “They adopted installment payments and saw an explosion in sales”, he says. Maurício mentions that the Portuguese executives were also impressed with the way the sales people attend customers here. For example, offering a table

and chairs so that the client can sit while being attended and then accompanying him to the door long after the transaction has been concluded. Maurício says that in Europe,

Odebrecht has launched six projects with residence and offices in Luanda

customer service involves rigid rules and in the USA, retailing works with well defined systems and processes. “The Brazilian has more flexibility”, he explains, recalling that the Portuguese executives revealed

to him that they go to two places in search of new ideas: New York, for concepts, and São Paulo for service. ■

ket. “Our intention is to expand our investment in this country in 2012”, says Carina. The party in Miami looks like lasting, although not forever. “In 1992, when I began, prices in Miami were low – US\$ 2,000 m² for the top end – and here in Brazil, high”, says Gabriela Haddad, one of the partners of Halmoral, a Brazilian realtor that has been working the Florida- São Paulo axis for ten years. “Just like now, everyone invested there”. With the increase in values, 95% of these purchasers sold their property at a profit. “The Brazilian market is inversely proportional to the American market”, says Gabriela, who manages the company together with her partner in the business, Tatiana Mosaner. “When prices drop there, they go up here, and that’s going to happen again”.

2



Magnified Reality

An executive from the development agency of a Swiss Canton comes to Brazil to get to know technology companies.

JOCELYNE PEPIN*



PICTURES: IMAX GAMES

Given the number of Brazilians seeking to move to Europe, the “New Companies” unit of the Swiss canton (or state) of Valais has designated Brazil as one of the countries in which to build its economic development network. That is how I found myself in São Paulo. My stay, which required several months of preparation, turned out to be extremely constructive.

The five days on site were amazing. Before going to Brazil, I didn’t

realize the sheer immensity of the country. It is on an entirely different scale. Just getting from one end of the city of São Paulo to the other takes two hours. The average population of the towns in State of São Paulo is 350,000, which corresponds to the entire population of the canton of Valais. Even the technology parks assume unimaginable dimensions. One day, I visited a university department that is affiliated with an incubator; in walking through the structure, I had the impression of traversing

the equivalent of two large Swiss cities.

I went to see inventive small and mid-sized companies which started up in the rich countryside of São Paulo State, companies in interesting sectors for the canton, like medical technologies, plant biotechnologies, as well as information and telecommunications. I had the chance to visit a range of companies, for example, Imax Games, a corporation that develops games and technologies related to augmented reality. Their office is a detached

1 Day at work in
iMax; interactive
wall...

2 ...and
discussion about
new games

house in a residential area of São Carlos, a city on the north of São Paulo. It is a very special working environment. Moreover, the employees are very young. I would say that they were all between 20 and 40 years old. The atmosphere, too, was unusual: people were wearing jeans and t-shirts, spending 20 hours a day in front of a computer screen

tween our two countries. The way the technology centers function and their links with the universities are among the most vivid examples. In this domain, Switzerland and Brazil share the same expectations. I think that our backgrounds really complement one another. The connections established with the various enterprises during my stay were enormous

and universities. That would never have been possible by telephone. The work of Hamilton Belizario, Director of the Greater Geneva Berne area for Brazil, also helped me a lot. He serves as our representative to local businesses, and he was the one who managed my trip.

Communication was made all the easier by the openness and



en and always thinking over new ideas. I also visited companies like Cablevision, which specializes in telecommunications, Dabi Atlante, which makes instruments for dental surgery, Deltronix, a supplier of hospital equipment, and Ouro Fino, in the area of agrifood and veterinary products. The ambience was very different from what I saw at Imax Game, but still I was impressed by the entrepreneurs' friendliness and the warmth of their welcome.

During my trip, I observed a certain number of similarities be-

mously enriching. The fact of being able to personally meet with local actors allowed me to learn more about the needs of these corporations. For some of them, the need is a logistical one: how to maximize contact with their European customers whereas for others, it means finding new target groups or creating new partnerships with highly ranked ins-

curiosity of our interviewees regarding what we had to offer them. I was struck by how kind people were. In some economic areas, you cannot take these attitudes for granted, and it was a very rewarding aspect of my trip. Companies working in such conditions are precisely those that the canton of Valais is seeking to attract. ■

* Jocelyne Pepin is head of the "New Companies" unit within the economic development office of the canton of Valais in Switzerland. This canton is a member of the Greater Geneva Berne area, i.e. the economic development agency of Western Switzerland.

The São Paulo Stock Exchange: investments from overseas



In the foreigners' sights

Fund managers are setting up funds especially designed for foreign investors with an appetite for Brazilian bonds and equities.

ROSA SYMANSKI

Two years ago, BB DTVM, an arm of Banco do Brasil and one of the largest fund managers in the country, set up an investment fund in Japan with 80% of its units in government securities — Brazilian government bonds — and 20% in dividend-yielding securities of Brazilian companies such as the giants, Petrobras and Vale. The fund received a rapturous reception from Japanese investors. Since then the fund has raised the equivalent of R\$ 100 million. “It’s an example of how this demand can be surprising”, declares Carlos Takahashi, president of BB DTVM. “Brazil has been much sought after by investors interested in its assets”. To explore this promising tendency to the full — driven by the good fundamentals for the Brazilian economy — fund managers are opening

offices in other countries or signing joint ventures with foreign brokerages to bolster the offers to foreign investors that are now viewing the country as a good home for their resources.

Besides BB DTVM, other market players are also seeking to leverage the attraction that Brazil is beginning to exercise with investors from other countries. A case in point is the Korean Mirae, one of the largest fund managers in the world which five months ago, launched a fund supported by Brazilian fixed income instruments. Again, there is HSBC Global Asset Management, a subsidiary of the British bank, HSBC, which is offering investment

Foreign investors learn to see Brazil as a good home for their investments

funds backed by Brazilian securities in two continents: Europe and Asia. In the Mirae case, the fund is made up of Treasury bills, posting an annual return of 12%, and has raised US\$ 1 billion. “The demand was surprising”, says Luciana Pazos, head of wealth management for Mirae Securities in São Paulo.

The success of the product has been an incentive to Mirae to create new products supported by Brazilian assets for offering overseas investors. “In 2012, we are planning to launch a real estate receivables fund, that is, with the underlying securities backed by real estate credits, among other funds linked to Brazilian paper”, adds the executive.



HANDOUT/BOVESPA

The experience of these managers shows that not all investors behave the same way. Alcindo Costa, distribution director at HSBC Global Asset Management, notes that, when selecting investment vehicles, the North American investor displays very specific preferences. “He prefers to buy global strategies such as regional funds which invest in Latin America”, he says. For the period between 2009 and 2010, however, one of the portfolio manager’s funds, which offers positions in shares of Brazilian companies and is traded overseas, raised as much as US\$ 10 billion. “This is a fund where the asset management is in Brazil and was well received by the market”, the executive notes. Costa points out that the global crisis, combined with the recent collapse in the bourses around the world due to the subprime meltdown in the

USA and the uncertainties of the European economy, have both attracted a group of investors to other types of fund — those of the fixed income type. “They discovered that because of the interest rates practiced in Brazil, fixed income funds yielded much more here”, he explains. “As a result, we witnessed an immense demand for this type of product. However, with the introduction of such measures as the IOF, Financial Tax, we have seen this demand weaken”, says Costa.

HSBC’s strategy to offer foreigners new Brazilian-based investment opportunities does not stop there. The bank is getting ready to launch another fund in the infrastructure area, one of the

sectors seen as the most promising thanks to the country’s growth. “It’s going to be a small-cap fund, in other words, shares of small companies with major potential for expansion in long-term projects”, Costa adds. “The idea is to offer this fund initially to the European market and then in Japan”.

HSBC is preparing a fund with equities of infrastructure companies

Among the Brazilian banks, Itaú Unibanco plans to constitute two new investment funds for foreign investors in 2012, according to Paulo Corchaki, the Portfolio Management director for Itaú Asset Management in an interview with the Dow Jones news agency. Currently, about 10% of the bank’s asset portfolio of US\$ 200 billion is in



HANDOUT/BOVESPA

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the hands of foreign investors — a large part of which, Japanese. Itaú Unibanco's target is to double this share to 20%, declared Corchaki in the same interview.

Experts in financial movement note that this tendency towards internationalization in the funds

BB DTVM is opening up markets for Brazilian securities in South America

area is a process that should gather pace. "There is no going back", says Moacir de Oliveira Júnior, international business professor at FEA/USP and FIA and author of *Multinacionais Brasileiras: Internacionalização, Inovação e Estratégia Global* (Brazilian Multinationals: Internationalization, Innovation and Global Strategy). For Oliveira Júnior, just as is happening with Brazilian companies, so funds are pursuing

a global tendency. "This is a market with a lot of competition and where innovation is fundamental", he says. "And internationalization is a form of innovation".

For BB DTVM, which was already present in Europe, United States and Asia, this has also meant beginning to penetrate the Latin American market for placing Brazilian securities via investment funds — with results better than expected according to Carlos Takahashi. In Chile, for example, in the second half of

the year, BB DTVM went into partnership with Principal, a company associated with BrasilPrevi, and has already raised US\$ 50 million in a fund directed at high income investors. "It's a small cap fund",

Takahashi explains. "Demand has been excellent".

In Colombia, the Banco do Brasil fund manager has gone into a joint venture with the brokerage house, Interbolsa, one of the largest investment groups in Latin America, as a means of gaining penetration in the market. BB DTVM's first initiative in Colombia was a fund, launched in July of this year, which has already raised US\$ 30 million from personal investors. "This is an equity income fund, but with a dynamic profile, that is to say it is constantly changing positions in the light of the scenario", affirms Takahashi. "It is able to focus either on corporate shares or switch towards a greater emphasis on fixed income, for example". The creation of this fund in Colombia coincides with a period in which the country is seeing a major transformation, recovering from a decades-old image associated with



1 Screens at the SP Exchange: foreign interest
2 HSBC's Costa: with an eye on small cap with potential

narcotics trafficking and civil war. “The capital markets are still at a nascent stage, such that you don’t see foreign banks there”, Takahashi notes, leaving implicit the opportunity that is opening for Brazilian financial institutions.

He reveals that BB DTVM is also studying opportunities in other South American markets, among them Peru and Argentina. The Banco do Brasil recently acquired the Banco Patagonia in the latter country and is currently examining its position and strategy in the region. “An idea is that we should begin to operate in Uruguay as well to offer funds to Argentines since we have detected that they like to invest outside Argentina, feeling more secure in in-

vesting outside their own country”, the executive suggests. In addition to South America, BB’s dealer is also making incursions into the North American market, spearheaded by a fund for private bank customers — high net worth individuals with financial assets over R\$1 million — in Miami. Launched this year, it has raised US\$ 43 million. “Our idea is to move slowly into such competitive markets as the USA”, says Takahashi. “We opted to break in gradually”.

Although in the middle of a severe economic and political crisis, not even Europe has been excluded from the Brazilian portfolio managers’ plans. The same BB DTVM saw Ireland as an opportunity for new investment funds in the second half

Despite the crisis, Europe is part of plans to expand Brazilian funds

of 2010. Today, the funds have total assets under management of US\$ 8 billion. The head office is in Dublin, chosen because just as in Luxembourg, it is an important financial center and a tax haven. Out of Dublin, BB DTVM can offer off-shore funds — located overseas and subject to an advantageous tax regime — for international investors, domestic funds in European countries and even portfolios focused on Brazilian funds, which are now allowed to apply part of their resources overseas. “We manage various funds for large Brazilian corporations with branches overseas”, says Takahashi. “We saw that there was a repressed demand in this area, which matched our need for overseas growth”.

BB DTVM expects to focus its attention on Portugal, Singapore and China next. “The crisis of confidence in the Portuguese financial market makes the country an attractive proposition for a portfolio manager as ours which has such an excellent rating”, the executive declares. Meanwhile, Singapore and China are part of a strategy to penetrate Asia, which has the base in Japan as its platform and where the dealer is already located. All this movement confirms the opinion of the experts such as Professor Oliveira Júnior of FEA/USP and Fabio Gallo, Professor in Finances at FGV (Getúlio Vargas Foundation) and PUC-SP: the advance of the Brazilian fund managers towards other markets is irreversible. “It’s happening everywhere, but in Brazil it is assuming major proportions due to the economy’s favorable phase”, Gallo notes. “There is a market of foreign investors out there avid for our investment paper”. ■



WINES

Cheers, TAP!

WINES OF THE Wing, the annual ranking by Global Traveler magazine of the best wines served on the world's main air companies, has chosen TAP Portugal – led by the Brazilian executive Fernando Pinto – as one of the Top Five in the executive class wines category. The choice was made by a panel of 31 jury members who met in New York to sample 136 wines served in the first and the executive classes of 28 international air lines.

The Portuguese wines came out well. Casa de Santar Reserva 2007, a D.O.C. from the Dão region, was chosen as the best red wine served in executive class on international flights. Luis Pato 2010 was third in the sparkling category and Paulo Laureano Reserva 2010, a white D.O.C. from the Alentejo region, was chosen as the fourth best wine. www.flytap.com



GASTRONOMY

Paris – the good old days

THIRTY METERS FROM Place de la Concorde in Paris, where the guillotine operated throughout the French Revolution, at 2 Rue Cambon, there is a brasserie that requires a little effort to find but it is a real discovery: Les Flottes. Features: small, one table very close to the other, informal, venerable atmosphere with dark wood and red velvet and extremely pleasant waiters. Traditional French food from the Auvergne, which means duck

HOTELS

How to speak Brazilian in Lisbon

THE CORINTHIA HOTEL in Lisbon, which is owned by a Libyan group of investors, has undergone a complete facelift and now has a world class spa. The hotel is close to the Praça de Espanha in the financial area and near the Fundação Calouste Gulbenkian and the El Corte Inglés store, with a view of the Monsanto Park and the Águas Livres Aqueduct. Guests on executive floors have private breakfast in the executive club in the penthouse where a table with sweets, sandwiches and drinks is laid on during the afternoon. Promotions are held at certain times of the year which offer the hotel's paying guests free services for meetings – including equipped rooms, coffee-breaks, and mobile phones for participants, digital infrastructure, etc. Brazilian guests are welcomed personally by the Public Relations Director, Beth Jardel, the widow of the actor Jardel Filho, who has been living in Lisbon for decades. www.corinthia.pt

HANDOUT/CORINTHIA HOTEL

1

MEDIA

Watch out, CNN

EXECUTIVES WHO WORK in the Middle East and in the Arab world in general have become used to the excellent English-language programs of the Al Jazeera television network which is controlled by the Qatar royal family. This insightful and independent look at the local scene has closely followed the crises which have swept through countries like Tunisia, Libya, Egypt, Syria and Yemen and has started to attract viewers who are looking for alternatives to the BBC and CNN. However, Al Jazeera will face strong competition from within the region from the beginning of 2012. That is when hotels in the Arab world will tune in (or connect by Internet channels) to new stations such as Sky Arabia, a partnership between British Sky Broadcasting (i.e. Rupert Murdoch) and the Abu Dhabi Media Investment group, controlled by Sheik Mansour bin Zayed al-Nahyan, from the ruling dynasty in the Emirate. Prince Walid bin Talal, a Saudi billionaire who controls the Rotana media empire, has also formed a partnership with Bloomberg to launch the new Alarab network at the beginning of the year. The big Western media outfits are also strengthening their positions more directly: the UK launched the BBC Arabic Television service some time ago and the US is financing the Al Hurra network.

1 Hotel Corinthia in Lisbon (left): free meetings

2 Below, "oeuf mayonnaise..." at Les Flottes

of all kinds, foie gras, a beef tartar which does justice to the name, pork ribs with organic vegetables and, above all, fresh seafood out of season. High points: Michel, the head waiter, seeks out small wine producers in the best production regions and usually suggests large bottles that bring an excellent cost-benefit ratio. The restaurant's oeuf dur mayonnaise won the prize as the best of its kind in Paris in 2011. Like the cafés and bistrôs that were used by workers last century, this simple dish of boiled egg covered in mayonnaise has disappeared from the good bistrôs and restaurants. One of the reasons was because the cost and final price was too low to be commercially viable. The annual prize is given by a group of traditional gastronomes who created a kind of NGO to prevent the dish becoming extinct - ASOM – Association pour la Sauvegarde de l'Oeuf Mayo.

www.brasserie-flottes.fr/restaurant



HANDOUT
2

ART

Leonardo at the court of London

THE EXHIBITION LEONARDO: Painter at the Court of Milan at the National Gallery in London brings together most of the few paintings that are acknowledged to have been made by the artist for the first time. The exhibition was made possible by unprecedented loans from museums such as the Vatican and the Hermitage of Saint Petersburg. The two versions of the Virgin of the Rock – from the National Gallery and the Louvre – can be seen side by side for the first time. There is also a life-sized reproduction of the immense fresco The Last Supper which Leonardo da Vinci painted on the wall of the refectory of the Dominican order in Milan. The show, which has become as popular as a pop concert with a frantic scramble for tickets, ends on February 15. Tickets through the Internet (which even guarantee time of entry to the exhibition) are sold out, but hundreds are still on sale at the ticket counters every morning. However, expect to queue for up to 3 hours to buy one and another 3 hours to get in. <http://www.national-gallery.org.uk/whats-on/exhibitions/leonardo-da-vinci-painter-at-the-court-of-milan>



LEONARDO DA VINCI

1

FLYING



Bankruptcy, for the time being

AMERICAN AIRLINES HAS negative assets and did what any serious company would do: it filed for bankruptcy protection to give it time to reorganize its finances and refinance its immense debt of 29 billion dollars which compares with its shareholders' equity of 26 billion dollars.

AA has almost 900 planes and flew 100 million passengers last year. It dominates the market between Latin American and the United States. No flight was or should be cancelled as a result of the bankruptcy protection move and the company's fleet modernization program is continuing. Like many other large American companies that preceded it, the airline, which replaced the respected Pan Am in the popular imagination as of the symbol of aviation, should survive the financial turbulence. www.aa.com

BRIYYZ

CIGARS



2 SXC

1 “Virgin of the Rock”, at left: Leonardo in London

2 Havana (at left): festival of cigars as a pretext for a visit

3 The new Beijing-Shanghai bullet train (below): crisis? what crisis?

Visit Cuba while the present system is still in place

THE 15TH FESTIVAL del Habano Cigar will be held in Cuba in the last week of February. Neither Fidel Castro, nor his brother Raul, the current president, is likely to take part as he did on the first few occasions. However, anyone who goes to Cuba will be

able to sample the freshly-made cigars in a format created especially for the event and witness if not the beginning of democracy, at least the beginning of the end of state economy. The event will include visits to the Vuelta Abajo production zone, gastronomic dinners and even a concert at the Karl Marx Theater.

www.habanos.com

TRAINS

The Shanghai express

HALF OF THE new Chinese high-speed train network – planned to cover a total 30,000 kilometers – will be ready by the end of 2012. The route between Beijing and Shanghai is already operating and competing with air travel. The 1,300 kilometers are covered in 5 hours at a speed of up to 312 km per hour which is displayed on electronic panels installed in each carriage. Everything has been done in the Chinese way: modern and comfortable trains (three classes), ultra-modern stations and pleasant on-board welcoming service.

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HANDOUT



Barcelona,

by Fabiano Fontenelle

Brazilian Fabiano Fontenelle was won over by Catalonia's capital city when he arrived in 1999 for a post-graduate course. Since then this 'mineiro-candango' (see right for photo) has also become a Barcelonan by choice – with a Catalan wife and daughter, he is now the commercial director of a company that manages business and convention centers. With a population of 1.6 million, the second largest city in Spain plays host to over 6.5 million tourists every year. To understand why, you need no more than step foot once in Barcelona, says Fabiano, our guide on this tour.



If you have a few hours...

A GLANCE AT A map reveals that a large section of Barcelona has been designed on a grid system. This area is the Eixample, the city's model for growth designed in 1860 by the visionary urban planner, Ildefonso Cerdà. We begin here. For the visitor pressed for time, a walk along Passeig de Gràcia – the city's legendary avenue and central nervous system – beginning at Plaça Catalunya, provides a condensed and meaningful overview of this Mediterranean capital. The architecture of the art nouveau (here known as Catalan Modernist) buildings is striking. There is a head-on encounter of different interpretations of the style at the intersection with Aragó street, by three of its most renowned architects: Casa Batlló, by Antoni Gaudí, Casa Lleó Morera by Lluís Domènech i Montaner and Casa Amatller by Josep Puig i Cadafalch (this block – manzana in Spanish – is

known as the *manzana de la discordia*).

Further on is Casa Milà (La Pedrera), by Gaudí, the best known of the trio. I recommend a visit to the Gaudí Center on the top floor, and a walk on the rooftop with its singular chimneys. Fans of La Pedrera will also want to take a look at the architect's other masterpieces: the unfinished church of the Sagrada Família and Park Güell, both reachable by a short taxi ride. Before leaving, I suggest a stop at one of the area's restaurants. A classic venue is Ciudad Condal, on Rambla Catalunya (parallel to Passeig de Gràcia). Enjoyable and always full, it is famous for its tapas (small portions that accompany a drink).

Not far from there, Fonda Gaig serves traditional Catalan food – in other words cod fish, scallops, meats and pasta – in a modern setting.





PERSONAL COLLECTION

1 The Sagrada Família towers: a Barcelona icon

2 La Pedrera, another Gaudi work: inside...

3 ... and outside, on Passeig de Gràcia



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If you have the entire day...

CARRY ON TO MONTJUIC park, to the south of the city. Barcelona was the birthplace and home of great artists, and the park is the location of the museum/foundation dedicated to one of its greatest: Joan Miró. The Miró Foundation is my favorite museum here. The castle at the top of the mountain, accessed by cable car, is the ideal place for a panoramic view of the city. Back in the historic center, it's time to visit the Picasso Museum. The artist spent his formative years in Barcelona and the museum in his name takes up two mansions on Montcada street, in the Born area. Its archives hold works from his earlier period.

The Born has become a reference with its large variety of boutiques and restaurants. Also found here is the gothic Santa María del Mar church, for many the most beautiful in Barcelona. I usually take visitors to a great Basque restaurant, Sagardi, a few steps from the church. Make sure you try the cod cogote and the txuletón (beef ribs). A ten-minute walk away, the Santa Caterina market in the old town features 19th century architecture restored in a boldly modern style. And it houses Cuines Santa Caterina, a restaurant serving dishes from sushi to Catalan market food (which I recommend). Leaving the Born, cross Vía Laietana to enter the Gothic quarter, Barcelona's medieval center. The labyrinth of narrow streets and small squares take us through old Barcino (the city's Roman name). The Cathedral, the Història de la Ciutat Museum and Plaça Reial are worth a visit.



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HANDOUT/SAGARDI

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HANDOUT



SXC

1 The Miró Museum, in Montjuïc: unmissable

2 Pintxos at Sagardi, in the Born: Basque snacks

3 Tickets: tapas by Adrià

4 Egg with liquid salad at Lasarte: Michelin stars

5 SONAR: the largest electronic music festival in the world

If you have the entire weekend...

BARCELONA IS A FOOD lovers' city and if I had to recommend only one restaurant, it would without a doubt be the unique Tickets: where else can you find the haute cuisine of Ferran Adrià, Catalonia's star chef, applied to the small portions of a tapas bar? But reserve well in advance. The elegant Lasarte, from chef Martin Berasategui, is another exceptional place and holder of two Michelin stars, with creative dishes, quality and high prices. Don't miss the foie terrine and smoked angulas! In a different style, Envalira is another favorite. Off the tourist track and a little snug, excellent food is served in a homely environment. I recommend the fried artichokes and rice dishes.

Let's finally get to the Rambla, the best-known street in Barcelona. It is worth facing the sea of tourists (and card sharks) to get to the delights of the Boquería market. There are records of a food market on this site from the 13th century onwards! But take note: the best prices and produce are usually further inside, beyond the first row of stands. A few meters away, the Gran Teatre del Liceu is one of Europe's great opera houses. This is also a musical city and it is quite normal to find a 'Sold Out' sign on the ticket booths of the show houses and concert halls of all genres, including SONAR (www.sonar.es), the most important electronic music festival in the world. Make sure you plan in advance.

4

Barcelona has kilometers of beaches, but hasn't always enjoyed them: the beachfront used to be occupied by industrial warehouses and fishing grounds. Urban planning for the 1992 Olympic Games opened up the city to the sea again. A large seafront walkway and beaches reaching to the north created a new public (and tourist) area. The vicinity of Vila Olímpica holds a cluster of restaurants and nightclubs visited by Barcelona residents and visitors, such as Shôko and CDLC. After dinner (which in Spain is very late), these venues are cleared of their tables and transformed into nightclubs. The atmosphere is young, and full of beautiful people.

5



HANDOUT/TICKETS



HANDOUT



Candy, chocolates and racing

*Brazilian executive tells how to sweeten
the taste of American buyers*



ONE AND A HALF YEARS AGO, I packed my bags and left Bahia on route to São Paulo to take over management of the export sector of ABICAB – Brazilian Association for the Chocolate, Cocoa, Peanuts, Candy and Derivatives Industry (Associação Brasileira da Indústria de Chocolate, Cacau, Amendoim, Balas e Derivados). Exports of our products have been growing at an annual rate of 12.5%: in 2010, they were US\$ 303 million and by October 2011, they already stood at US\$ 282 million.

As with any other executive in the area, international trips are part of my routine and, with each trip, the return luggage is always more than on the outward journey not only because of the usual material brought back from abroad, but also, even more so, because of knowledge gained. I had a remarkable experience in April 2011 during a trip to the United States.

In partnership with ApexBrasil — Agência Brasileira de Promoção de Exportações e Investimentos – a company associated with ABICAB, we went to Chicago in the US Mid-West. This was a business trip during which, as well as doing the rounds of fairs and technical visits, the companies would contact potential buyers of Brazilian products, each company having 30 minutes to talk with its potential clients. But, how to accelerate these negotiations?

The answer was to turn what would have been only one day of talks into three days of

interaction with our opposite numbers at the meetings. From Chicago, we invited our potential clients to the centenary of the Indianapolis 500-mile race, the most traditional race of the Formula Indy series, taking place during the weekend. Apex-Brasil is one of the sponsors of Formula Indy giving ABICAB special access to the trials. On way to the racetrack, our bus had a police escort, freeing it from the traffic congestion, common on racing days. A VIP area was available to guests, with free access to the paddocks and boxes – and the chance to taste the products of Brazilian companies participating at the event. In this setting, the American buyers were pleasantly surprised and relaxed. In the 2011 race, the car of the Brazilian driver, Tony Kanaan, bore the Sweet Brazil logo, the export brand of ABICAB. He started 20th and finished 4th, and we joked, saying it was the power of Sweet that gave him the edge on the racetrack.

Months later, in October, I met one of the race guests at an event in Tampa, Florida. The spirit of the race clearly still had a hold on him, saying he had been going to the circuit for 10 years but this last had been his best experience in Indianapolis confirming the leverage Formula Indy Project has on doing business and participating in fairs in Chicago, (where companies made 223 contacts and closed deals worth around US\$ 1.0 million). For the next 12 months, the outlook is for a further US\$ 6.8 million of exports.

For us, it was proof that the mixing of Sport & Business, so ingrained in American culture, works very well to break the ice of serious business negotiations. If the combination is well developed, it can bring excellent results and accelerate business for the participating companies. We plan to increase our participation in the Project in 2012. ■

* Rafael do Prado Ribeiro is Export Manager for ABICAB – Associação Brasileira da Indústria de Chocolate, Cacau, Amendoim, Balas e Derivados.

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Adriano Araújo,
partner to Aerocargas

*I found inspiration in life,
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