

# PIB

BRAZILIAN COMPANIES GO INTERNATIONAL

## WINES

Rio Grande do Sul products hit the global market

## ONLINE

How to go international at the click of a mouse

## TUDO BEM!

Speaking Portuguese is now a feather in your cap

# Back to the game

After the crisis-induced slump, small companies are rolling up their sleeves and looking for new business opportunities

YEAR V  
NUMBER 17  
MAR/ABR 2012



R\$ 12,00 € 5,00



Here's a company  
that invests in  
sustainability  
with clean and  
renewable energy.





# And also here.



## The environment

More than just reforestation, Eletrobras Eletronorte recovers the forests with native species from the region. Hence, since 1984 the company has maintained a germplasm bank, where genetic materials of several Amazonian species are stored, thus allowing reproduction. The species, which are donated to schools and local governments, are also used in Recovery Plans for Degraded Areas. For instance, more than 97% of the area around the the Tucuruí Hydropower Plant have been recovered.



## Social responsibility

Eletrobras Eletronorte, the regional coordinator of the Programa Luz para Todos (Light for Everyone Program), overcomes the major challenges of the universal provision of energy in the Amazon. Between 2004 and 2010, the company invested more than 57.6 million reais in order to supply energy to riparian communities, Indian villages and other communities that work with extraction living in Environmental Protection Areas, thus benefiting around 4.2 million people.



## Indigenous programs

Eletrobras Eletronorte is responsible for two indigenous programs that are a worldwide reference: Waimiri Atroari and Parakanã. These people, who once were severely endangered, now live within demarcated areas. Their culture is being recovered due to the company's partnership with Funai. No longer endangered, they now have a permanent structure for medical, dental and epidemic control services, relying on laboratorians from their community. The programs are also intended to promote autonomy by means of educational, productive and environmental protection actions.



## Innovation and excellence management

Eletrobras Eletronorte has had a very successful year. It has become the first electricity company in the world to be awarded with the International Maintenance Prize (TPM – Total Productive Maintenance), granted by the Japan Institute of Plant Maintenance. Additionally, for the third consecutive year it has been placed among the 20 most innovative companies in Brazil, and in 2011 it became the first public electricity company to be recognized with the National Quality Prize. Eletrobras Eletronorte: a Brazilian utility recognized as a World Class Company.



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Carlinhos  
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excursion  
in Paris,  
that few,  
like him,  
know

## New and better looking

When you leaf through issue 17 of PIB you will see some changes in the layout. The magazine is lighter and elegant and we hope it will also be easier to read. Our cover material shows some birds that are unfortunately rare in the Brazilian economic ecosystem — small companies that have made highly successful efforts to go international. When we talk about companies that are active internationally, we almost automatically think of large multinationals for which, to a certain extent, the domestic market has become small. However, this does not have to be the case. In European countries like Germany and Italy, a large part of the exporters are small in size but impressive in terms of efficiency and technology. We have still not reached this point but some examples in the cover story shows that small Brazilian companies are also following this path.

Another surprise is the article on fine Brazilian wines which are starting to find a market in various parts of the world. Brazilian producers have invested heavily in technology and research in recent decades. They are still far from challenging our wine-producing neighbors like Chile and Argentina but Brazilian wine is winning over markets and gaining awards abroad. PIB describes this in an article by Suzana Camargo.

Brazilian information technology companies are used to packing their bags and setting off around the world. In a special report, we highlight the examples of companies founded by young people from São Paulo, Rio de Janeiro and Minas Gerais which provide specialist services and, thanks to the global presence of the Internet, have been able to go international at the click of a mouse. Editor Armando Mendes went to Florianópolis to find out about the innovative work being carried out by Audaces, a company in Santa Catarina state which opened a technological niche in the fashion industry and has clients in around 40 countries. We also turn our attention to the efforts Italy is making to get out of its double crisis: its public finances and economy that were hit by the delayed effects of the crisis of 2008/9 and the post-Berlusconi hangover that has struck its political institutions. Italian journalist Achille Bontà is our guide and gives us an overview that will certainly be of interest to any Brazilian business leader or executive who is interested in doing business in Italy.

Finally, to Paris. The French capital is presented to us by Carlinhos Whately, a farmer and businessman from São Paulo who has had a long-standing passion for the city. His route of discoveries in the Tourism Express section takes us on an intimate and personal stroll, sometimes through the city the tourists know and at other times to the parts that only he can show. Bon voyage and enjoy your read.

Nely Caixeta



**TOTUM  
EXCELÊNCIA EDITORIAL**



**PIB  
BRAZILIAN COMPANIES GO  
INTERNATIONAL**

A TWO-MONTHLY MAGAZINE FOCUSING ON  
INTERNATIONAL BUSINESS AND ECONOMICS

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**LEGALLY RESPONSIBLE JOURNALIST**

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# Letters

Dear editors,

"I am the editor and owner of Management Today magazine that has been published in South Africa for 30 years. I would like to congratulate you on PIB which is a very informative and extremely well laid-out magazine. I am interested in learning more about Brazilian companies that are doing business with my country, the challenges they are facing and successes they are obtaining.

**ALAN DE SOUSA CAIRES**

**EDITOR OF MANAGEMENT TODAY**

**JOHANNESBURG - SOUTH AFRICA**

"I would like to congratulate PIB magazine for the excellent quality of the editorial material, covering a wide range of subjects and for always keeping an eye on the future of Brazil. Articles such as "O caçador de ventos" and "Brazilian brands take off" make it clear to us that Brazil is center stage at the moment, as is PIB itself.

**ALDO BENETUZE**

**SANTO ANDRÉ - SP**

"I am adviser to the Planning and Development Department of the Roraima State government and have been a reader of this excellent magazine for some time. As you know, Roraima is a frontier state with a great chance of our economy moving forward from one based on the public sector, thanks to its agriculture and trade with other countries like Venezuela and Guyana. I would suggest this as a topic for the next issue of PIB.

**TÉRCIO NETO**

**PRESS ADVISER TO THE PLANNING AND  
DEVELOPMENT DEPARTMENT**

**BOA VISTA - RR**



"I want to have the full collection of PIB magazines to understand Brazil's and Brazilian companies' relations with the international market "

"I had my first contact with PIB magazine over a year ago in a hotel in São Paulo. I have always been interested in the subject of 'Internationalization' - whether of a commercial, cultural or any other nature and I am now taking a course on International Relations in Fortaleza. Although I graduated in Administration and Marketing and have a solid career in this area, I have decided that it is now time to have a complete collection of PIB which will certainly help me enormously in understanding the corporate, political, commercial and cultural relationships which Brazil and its companies have with the market abroad.

**SÉRGIO BRASILIS**

**COMMERCIAL & MARKETING MANAGER**

**- DRN**

**FORTALEZA - CE**

"PIB magazine plays a fundamentally important role as it follows the growth of domestic companies and their expansion throughout the world. One suggestion: an article on Brazilian companies that operate in the healthy, organic segment that are exporting products abroad that bring great benefits to the consumer.

**ALEX FRANCISCO DA SILVA**

**COMMERCIAL DIRECTOR - CRIATIVO-  
MOUSE COMUNICAÇÃO**

**SÃO FRANCISCO DO SUL- SC**

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**In order to get here, we followed the most rigorous**



**and the most revolutionary theories.**



Throughout its history of over half a century, Petrobras has become one of the largest energy companies in the world. As a leader in exploration and production of oil in deep and ultra-deepwater, Petrobras is already producing in the area that contains





## safety rules



the largest oil accumulation ever found in Brazil: the offshore pre-salt layer. To confront this challenge, Petrobras is employing its usual strategy: research, technology, investments and safety. If the future is a challenge, Petrobras is ready for it.



# Antenna

Ligia  
Cruz





## Brazil with a G (for Gisele)

After 70 years operating abroad, Banco do Brasil launched its first ever international communication campaign. The poster girl is the most successful Brazilian model of all time, Gisele Bündchen. With the slogan “Banco do Brasil. From Brazil to the world. From the world to Brazil”, the campaign idea (created by the Master advertising agency) is to show BB as the main link for Brazilian business opportunities with investors from all over the world.

In the opinion of the bank, the global image of Gisele carries positive values, such as professionalism, international experience and sustainability. “The BB brand is 203 years old and has the concept of nationality in its name”, highlighted Hayton Jurema (Marketing and Communication Director of Banco do Brasil). “An association with Gisele perfectly illustrates the attributes of Brazilianness”.

The campaign material is being released and shown in Europe, the US and Asia (the investment amount wasn’t revealed). The latest steps in the internationalization of BB (present in 23 countries) were to transform its Shanghai office into a branch, open BB Securities Asia (in Singapore) and finalize the purchase of EuroBank (a US commercial bank based in Florida) – which will now be called Banco do Brasil Americas.

DIVULGAÇÃO DO BANCO DO BRASIL

## Overcoming obstacles

A number of obstacles are still getting in the way of the growth of new Brazilian and Latin American multinationals (so-called multilatinas), and one of them is the difficulty in human, goods and capital mobility between one LatAm country and another. In May, BRAiN (Brasil Investimento e Negócios) – an entity created to promote Brazil’s consolidation as an international business center – will launch a study dissecting these difficulties and suggesting solutions.

“The report shows that if Latin America had a general regulation for corporate financing and easier rules for human mobility, then the environment would be conducive for multinationals doing business in Latin America” says BRAiN research director André Luiz Sacconato. “Financial integration would also facilitate beyond-border capital access”.

The study was coordinated by Guillermo Larraín, ex-chairman of SVS (Chilean Securities and Exchange Commission). The report is part of a series of BRAiN studies on the pillars for a proposed global business center in Brazil.

Gisele: BB leverages on what is a perfect image of Brazilian-ness

“Brazil sees itself as having arrived or close to arriving, The United States sees Brazil as big, the most important country in Latin America, but not anything like a global power.”

Peter Hakim (president emeritus of Inter-American Dialogue - a research and policy organization in Washington), in the New York Times, on why Dilma and Obama see Brazil in a different light



## Medical drugs from Brazil's wildlife

In March, the Hypermarcas, Aché, EMS and União Química laboratories partnered up to create Bionovis, a pharmaceutical giant that will research, develop, produce, distribute and sell biotechnological medical drugs. Each partner holds a 25% stake in the new company, which over the next 5 years plans to invest R\$500mn and launch its first product. Bionovis CEO Odnir Finotti says the international market, starting with Latin America, is also on Bionovis' radar screen. The global biotechnological market is outgrowing the pharmachemicals industry 4x and could become the bigger market in 5 years.





## Pez Urbano in Spanish

The collective buying site Peixe Urbano has now gone international for real. In March, the company announced the acquisition of sector rival Groupalia in six countries: Brazil, Argentina, Mexico, Chile, Colombia and Peru — in these latter two countries, Peixe Urbano didn't yet have any operations. As a result, Peixe Urbano (or Pez Urbano, in Spanish) jumps from 16 million to over 20 million registered users and becomes the largest Latin American collective buying site. The co-founder and CEO Julio Vasconcellos says he wasn't looking for new acquisitions, but was sought out by the Spanish controller of Groupalia – interested in centering its operations exclusively in Europe.

**1** Vasconcellos:  
Latin American  
expansion

**2** Finotti and  
Bionovis  
partners:  
Brazilian  
research

## Technology on the coast

After the new research laboratories unveiled by IBM and by multinational suppliers of Petrobras, Rio de Janeiro will receive another technology and innovation center: of US company Cisco, the telecom network equipment giant.

Cisco has announced an investment of R\$1bn over the next four years to construct the center, which will develop technologies designed to specifically meet Brazilian needs – including projects in the area of intelligent energy. In addition to the center, the company is considering expanding its production in the country and investing in other projects, such as opening a venture capital fund for the digital economy.

## Rising optimism

Foreign companies now feel more confident investing in Brazil. The main reasons for this are Brazil's economic stability and the current political environment, according to the sixth edition of the International Perception Monitor of Brazil – released in March by Ipea (Institute of Economic and Applied Research).

The survey is carried out by representatives of embassies, chambers of commerce, foreign companies and multilateral organizations. The index measuring the influence of the domestic political environment on investment decisions in Brazil by large corporations based abroad rose to 45 points in the March edition (an all-time high in the Ipea data series).

Brazil also ranked in the top three in a survey of the countries expected to receive the heaviest volume of Foreign Direct Investment (FDI) over the next 12 months, while most respondents believe Brazil's influence has risen at multilateral institutions such as the IMF.




IMAGEM

## Quick news

- ■ In the opinion of the World Bank, Brazil is one of the least vulnerable Latin American and Caribbean countries to external shocks. The country has room for maneuver on the monetary side and a domestic market that will help it weather the latest crisis, says the bank.
- ■ Brazil was honored in the 25th International Bogota Book Fair in April. Brazilian writers were the center of attention, and representatives from Brazilian publishing houses had the opportunity to chinwag with Colombian peers.
- ■ Inmetro and Apex-Brasil signed a technical cooperation agreement to boost Brazilian companies' exports and competitiveness. Studies and training up businessmen are on the agenda.
- ■ In 2013, Eletrobras plans to start building a hydroelectric plant and two transmission lines in Mozambique. The investment (US\$6bn) is part of the company's internationalization process.
- ■ SaveMe (the coupons and collective buying company that belongs to the Buscapé group) has entered into a partnership with PriceCheck, leader in the price comparing segment in South Africa.
- ■ US mobile technology giant Qualcomm will open a research and development center in Brazil, probably in São Paulo. The focus are tablets, engineering and cloud applications for smartphones.
- ■ Siemens do Brasil has opened Latin America's first smart grid (intelligent networks for monitoring electrical systems) research and development center in Curitiba (Paraná state).
- ■ After opening offices in Colombia and Miami, CLM (a company specialized in Information Risk and Security, Advanced Infrastructure and Web Analytics) is now studying entering the Peruvian, Chilean and Argentine markets.

## Looking for work

### Brazil is one of the favorite destinations of Europeans looking for work



With the crisis in Europe, which has already left over 24 million people unemployed, Brazil has become one of the favorite destinations of foreigners searching for work opportunities. Last year alone, over 70,000 professionals received a visa to work in the country, 25.9% more than in 2010, according to Brazil's Labor Ministry. Most labor visas (66,690) were temporary, with an authorization to stay in the country for 90 days to two years. This foreign labor is increasingly qualified. Of the visas granted, over 50% went to professionals with a university degree. The number of professionals with master's degrees and PhDs almost tripled, rising from 584 to 1,734. The lack of qualified labor in Brazil is one of the reasons for this in-





Petrobras platform: one of the sectors that attracted 70,000 foreigners to Brazil

crease, explains Luís Renato Vedovato, a lawyer specializing in international law. “Europeans are allocated to the more qualified job positions since they have the confidence of multinationals with operations here and more prepared than your average Brazilian”, he says. Foreign engineers have found good opportunities on offer, since Brazil is suffering from a scarcity of qualified professionals in this area. The expansion of São Paulo’s Subway, for example, will receive the help of Spanish engineers. The hotel and tourism sector is also being sought out by workers from other countries eyeing the opportunities created by the 2014 World Cup and the 2016 Olympics.

## JOB VACANCIES

Of the total number of visas granted...

**17,738** jobs went to workers from the naval and oil extraction sectors

**1,396** to professionals from administration, management positions and senior executives

**1,020** to investors interested in opening their own business in Brazil

DIVULGAÇÃO DA PETROBRAS

## Skis and credit cards

The capacity of Brazilians to pull out their credit card in their global travels continues to impress, and ended up inspiring the creation of a joint venture between three ski tourism agencies: the US site Ski.com, Brazil's SKI Brasil and Mexico's Holam Viajes. The aim is to promote aggressive expansion in the ski travel market to the US, Canada and Europe, creating the world's largest specialized agency. "We expect to double the number of Brazilian skiers at ski resorts in three years", says Eduardo Gaz, director of SKI Brasil. In other words, from the current level of 100,000 to 200,000 by 2015. The three travel agencies are already working together on technological integration to handle travel and hotel reservations. The plan is for the joint venture to be ready to process reservations in the next winter/fall holiday season in the Northern Hemisphere starting in September



## Brazilian spring at Macy's

Those visiting a Macy's store in the US from 16 May onwards will be infused with a little of the Brazilian spirit. Brazil was chosen to receive a tribute (called A Magical Journey to Brazil) in the spring campaign of the largest US retailer. More than 800 Macy's stores will feature decorations, products and events inspired on Brazil, and promote a campaign to protect the Amazon Rainforest. Everything in time to receive the Brazilian tourists expected to visit

the US in an increasingly large number, after the recent meeting between President Dilma Roussef and Barack Obama saw them announce the opening of two new consulates in Brazil and confirm negotiations for the US to stop demanding visas for Brazilians looking to enter the country. In the first three months of this year, almost 300,000 visas were granted. And last year, 1.5 million Brazilians visited the US, spending on average US\$5,500 per person.

### ...and on that subject...

The large global retailers really do seem to have their eye on Brazil. At the start of March, Isidoro Álvarez (CEO of Spain's El Corte Inglés) visited real estate properties in São Paulo, Rio de Janeiro, Salvador and Recife. The Spanish group is apparently interested in opening its first store in Brazil in 12-18 months, either with the El Corte Inglés brand itself or the fast fashion chain Sfera.



ADAM BETTCHER - DIVULGAÇÃO

## Catupiry pizza in New York

It took 101 years, but the traditional Catupiry soft cheese producer guarantees that it is now ready to make a real move abroad.



The company currently exports 1% of its production to Japan and the US, mainly to homesick Brazilians. But it shortly plans to increase this volume to make the product as popular in other countries as it is in Brazil.

The wet dream of brand executives is for the company's soft cheese to be used in pizzas produced abroad, just as it is here. Catupiry's international foray will thus start in New York, home to an estimated 1,500 pizza parlors. "Many Brazilians are running these pizza parlors and we want to serve them", says Alexandre Delmanto (company's marketing and commercial director). Catupiry expects exports to represent 10% of its sales over the next few years.

**1** Winter tourism: travel agencies are eyeing Brazilians

**2** Macy's store window: colors and flowers of Brazil

## Senac: French cuisine in Brazil

With an eye on growth in the Brazilian gastronomy market, the Senac University Center has launched four new university extension courses in partnership with École Lenôtre, France's first gastronomy school. The courses are specifically designed for the Brazilian market and will save students from incurring travel expenses to take a course in France. "This move puts gastronomy students and teachers in touch with trends at one of the world's leading gastronomy schools", highlights Gisela Brandão, development coordinator of courses at Senac São Paulo's gastronomy area.



ALCIR N. SILVA





## AmBev makes further inroads into Caribbean market

The rumors indicated it would be Heineken, but in the end it was Ambev that ended up buying 51% Dominican Republic brewer Cerveceria Nacional Dominicana, a subsidiary of the León Jimenes (ELJ) group – owner of the beverage company that produces the Presidente beer brand. AmBev forked out around US\$1bn for an indirect 41.76% stake in CND, and another US\$237mn for the 9.3% stake held by Heineken.

As a result, Ambev and ELJ will form the largest

beverage company in the Caribbean, via the holding company Tenedora CND, which will produce and sell beers, malts and sodas in the Dominican Republic, San Vicente, Antigua and Dominica and export its production to 16 countries from the Caribbean, the US and Europe.

The companies estimate that the combined Ambev and CND entity would have posted 2011 net revenue of US\$570mn and combined Ebitda of around US\$190mn in the first 12 months of operations.

## Fisk invests in Africa and Americas

The Fisk language school is investing in international expansion. This year, Latin America will receive a new school in Chile, and franchises are also set to be opened in the US and in Angola. “All the countries in favorable conditions represent, in principle, potential markets for Fisk”, says Christian Ambros (director of the Fisk Foundation). Of Fisk’s 1,002 schools, 107 are outside Brazil (82 of which in Argentina). The international operation represents 10% of the brand’s revenues, which totaled R\$920mn in 2011. With the help of the new schools, the target is to exceed R\$1bn in 2012.





## Swimming against the tide

Mosarte, leader in the segment of special linings in Brazil, decided to buck the trend of the crisis rocking the economies of the wealthy nations (in particular Europe) and invest in the European market in 2012. The idea arose after the company participated in an important industry trade fair in Italy last year. "We will insert our products initially in Italy, France, Greece, Austria, Russia and Germany, because these are countries where architecture, design and decoration professionals showed major interest in our products", explains company CEO Marco Aurélio Sedrez, adding that the company is investing in setting up 60 points of sale in European countries with the target of obtaining export revenues of R\$30mn already in 2012 (10% higher than in 2011). "Crises create opportunities and facilities in some cases", he says.



**1** Billionaire investment in CND also makes Ambev a giant in the Caribbean

**2** Sedrez, from the company Mosarte: 60 sales outlets for Brazilian ceramics in Europe

**3** Fanem incubator plant in Bangalore: a new baby every second



## Fanem starts producing in India

Leader in the production of neonatology equipment, Fanem has just opened a factory in Bangalore (India) to produce phototherapy and oxygen therapy equipment to cater to the local market. Marlene Schmidt (Fanem's executive director) says this move reflects the country's potential (a baby is born every second in India). The unit started operating in March 2012 with two product lines. "Labor is being trained by our engineering team to achieve the same quality standards as our Brazilian product line", says Marlene. Indian managers and employees are run-

ning the factory. The company plans to shortly incorporate other products to the production line, such as incubators and baby cribs.

"We were surprised, because the Indian plant started operating in March and already represents 7% of our sales", says Marlene. "We hope to reach 10% at some stage this year". In addition to India, Fanem also has an office in Amman (capital of Jordan), and exports its products to over 90 countries. In Brazil, it has two industrial facilities in Guarulhos (São Paulo).





## Starck firm in São Paulo

Worldwide there are 47 real estate properties worth a combined US\$7bn. Why? The properties received special treatment from the British interior design company Yoo, specialized in “personalized luxury” for residential and commercial buildings. After investing in other countries from South America, such as Argentina and Uruguay, the company (founded by the famous designers Philippe Starck and John Hitchcox) arrives in Brazil, where it will open an office in São Paulo. In addition to working with real estate developers focusing on the premium segment

(i.e. the “A” class), the company will also invest in a new niche deemed opportune in the Brazilian market: shopping malls. “Yoo expects to broaden the limits of the real estate sector by leveraging on its international know-how, now that Brazil’s economy is growing strongly” says the director for Latin America, Carina Bendeck. “People can and want to spend more and more money on design”. With the projects created by the company, the value of the real estate properties is expected to increase up to 20%.

## Brazilian design in Milan

Architects, designers and opinion formers from all over the world were able to check out the best of Brazilian contemporary design at Brazil S/A, an event held in parallel with the Milan Design Week between 17 and 22 April. Brazilian products from 11 partner sectors of Apex-Brasil were on display at Palazzo Giureconsulti, an historical palace in Milan.



**1** Yoo  
environment:  
increasing  
real estate  
property value

**2** Garrido: a  
new profile  
of visitors in  
São Paulo

Packed hotel rooms in Brazil's main cities are one of the direct results of the growing attention Brazil has been arousing abroad for some time now. We can also see a change in the profile of foreign guests: vacationing tourists gave way a long time ago to people visiting Brazil on business, to take care of their health and even to live here. According to Heber Garrido (director of the Transamérica Hospitality Group and the Transamérica Ilha de Comandantuba Hotel), this poses fresh challenges to the Brazilian hotel industry.

### **What changes are these?**

I have worked in the area of tourism since 1990. Compared to the current moment, the hotel industry back then was from another planet. We were like an island with no access to abroad, an "exotic" and "complicated" country according to the few foreign business tourists we received. A lack of training and knowledge prevented us from better serving visitors and, mainly, seducing them so that they would make a return visit.

### **And now?**

In addition to the regular visitors who come to Brazil for business events and meetings, we are seeing a growing number of people arriving in Brazil in search of medical treatment. Many others arrive with their families and stay with us for months before finding a house that meets their tastes. The fact that our rooms have become the second home of foreign families brings a lot of challenges.

### **What type of challenge?**

Our units in Jardim Paulista, for example, receive many Angolans who come here for heart treatment at Hospital do Coração and Hospital Sírio Libanês. They are generally accompanied by a relative or a friend. Since they often spend a month at the hotel and return at least once a year for check-ups, these guests are generally above the age of 60 and demand special treatment, such as specific diets prescribed by doctors and extra care by our team. Our restaurant prepares a menu in accordance with medical requirements, and the day before a surgery the meals are served in the hospital room to minimize the patient's physical exertions.



Valduga  
wine casks:  
international  
markets

# Small, but bold

*Brazilian producers of fine wines are disputing the growing global market. Their challenge: to prove that the country of caipirinha can also produce quality wines.*

SUZANA CAMARGO



**L**et's imagine that someone enters a wine store in Sweden, the US, or even in China or Japan (Asia is where wine consumption has grown most in recent years). They see stacks of bottles with the

almost mythic labels of the major European producers, next to others by renowned wine producers from the US, Chile, Australia and South Africa. What could lead this consumer to try a wine from Brazil, a country that he/she probably







## TROPICAL TASTEBUDS

Countries that bought more Brazilian wine in 2011 (% of total exports)

- 1° Holland **13.4%**
- 2° China **12.1%**
- 3° United Kingdom **11.3%**
- 4° US **10.7%**
- 5° Colombia **10.7%**
- 6° Germany **5.9%**
- 7° Canada **4.3%**
- 8° Japan **4.2%**
- 9° Norway **3.3%**
- 10° Denmark **3.1%**

Source: Ibravin

associates only with hot weather, beer and caipirinha? This is the challenge facing a group of Brazilian wine producers who have spent the last decade trying to convince the world that Brazil also produces good wines.

It is hard work to undo the preconceived image and make the product known — the rest of the world, in general, hardly knows Brazilian wines even exist. The first impression is what counts, with no second chance. “The first bottle of wine will be bought out of curiosity; the consumer wants to try Brazil-

and Premium Cabernet Franc red wines are some of Valduga’s best-selling labels in the global market.

The example of Valduga, alongside other producers, shows that the efforts of Brazilian vineyards have been paying off, albeit on a still small scale. Combined, Brazilian wine exporters sold just over US\$3mn in 2011, 33.6% higher than in 2010 (US\$2.29mn). These numbers equate to around 725,000 liters of fine and sparkling wine exports... still very small volumes and financial amounts. The US, for example, exported US\$1.3bn in wines in 2011.

In the volume comparison, Italy exported 2.4 billion liters of wine and France 1.4 billion liters.

But it is easy to understand the desire to dispute a fraction of this global market,

which is growing every year as more and more people start to drink wine. And we aren’t talking about just any old consumer. “In general, the world is drinking more and better”, says Robert Beynat, CEO of Vinexpo, one of the world’s largest wine trade fairs. Forecasts of International Wine and Spirit Research (IWSR) indicate global wine consumption should rise 6.2% in the period 2010-15 to 34.1 billion bottles — growth of two billion bottles. Last year saw the consumption of 31 billion bottles, 4.5% more than in 2006.

In this growing universe, Europe is still calling all the shots. Europeans drink 62% of global wine production. Italians are the biggest exporters (by volume) and the French are the biggest spenders when it comes to buying a bottle of wine, followed by Italians and Germans. We are talking about a highly demanding market, dominated by

## Brazilian wineries are entering a market that has existed for centuries

ian wine”, in the assessment of wine expert Juciane Casagrande, commercial director of Vinícola Casa Valduga (from Bento Gonçalves in Rio Grande do Sul state). “But the second bottle, well they’ll only buy it if they liked the first one”.

Juciane speaks with the experience of someone who has been exporting since 2002, when US and European buyers expressed interest in Valduga wines at international wine-tasting competitions. The winery (headed by João, Juarez and Erielso Valduga, from the third Brazilian generation of the family with Italian roots) currently produces around two million bottles per year. Their exports more than doubled in 2011, while domestic sales grew around 15%. Still, exports don’t exceed 10% of their total production. By 2015, the target is to reach 20%. The Brut 130 sparkling wine and the Gran Reserva Cabernet Sauvignon



ultra-traditional European wine producers and fiercely contested by the aforementioned team of emerging wine producers from the Americas, Africa and Oceania. Brazilian wine producers want to join this second group, and have made some small but significant strides so far. Even without major export volume, national labels have performed well at wine-tasting competitions (see table on page 29) and are starting to be offered at restaurants with rigorous wine-quality standards.





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Recently, at a blind wine-tasting competition in a specialized program aired on Japanese TV, a leading local wine expert chose a Miolo Reserva Merlot, produced by the Miolo Wine Group (also from Rio Grande do Sul) as the best out of 20 international competitors (in such competitions, the origin and brand of the competitors are only revealed after the contest). In Europe, award-winning restaurants in the Michelin Guide offer Brazilian labels in their wine menus.

And recently, the Quinta do Seival Castas Portuguesas 2006 red wine (also from Miolo) was chosen to be tasted at the official events of the 2012 Olympic Games in London. Of the 18 labels chosen, it was the only Brazilian one.

Wine experts recognize the evolution. In the opinion of Chile's Eugenio Echeverria, executive director of The Wine School (which trains sector professionals in Brazil, Chile and Colombia), Brazil already produces excellent wines. He high-

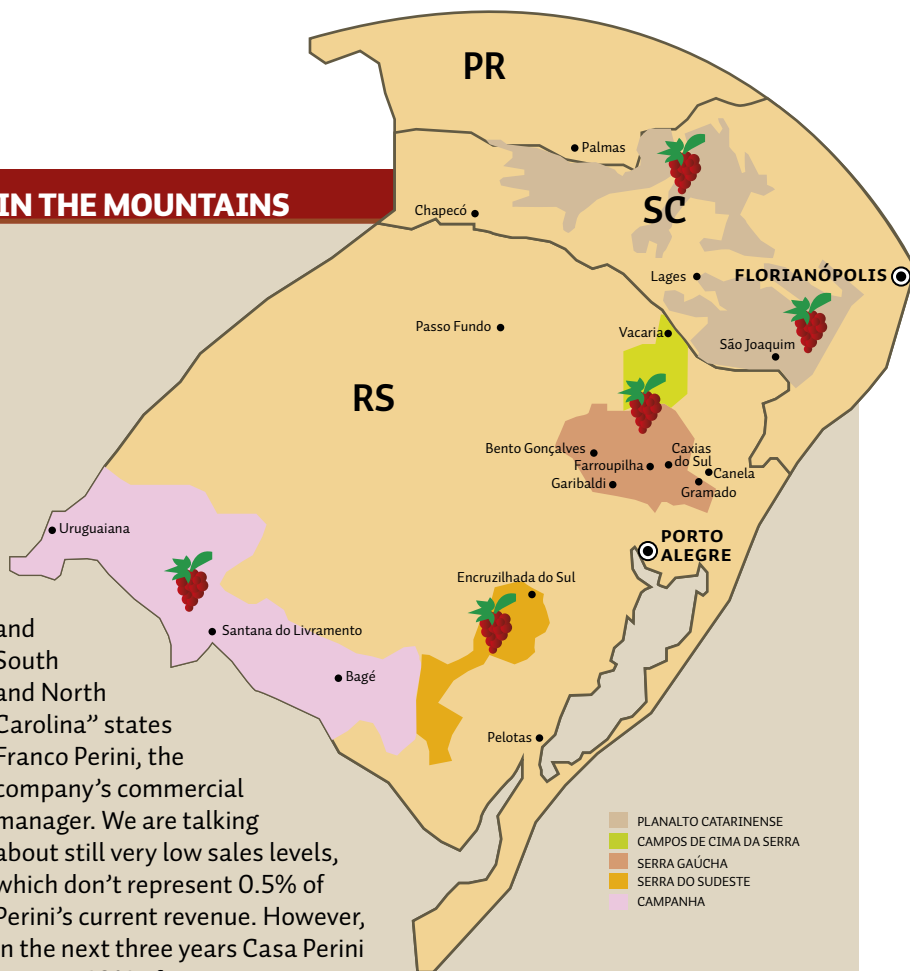
lights the quality of the sparkling wines. "They are just as good as the French", he guarantees. "The Cave Geisse labels are excellent". Eugenio adds that Brazilian red wines, especially the Merlots, also deserve praise. "A good Brazilian Merlot is

Grapevines in Rio Grande do Sul mountains: excellent geography and climate for making wine

## WINE PRODUCING REGIONS IN THE MOUNTAINS

**THE LARGEST** and most important wine region of the country, Brazil's Serra Gaúcha, concentrates 90% of national production. The rest is produced in Campanha, Serra do Sudeste and Campos de Cima da Serra, also in Rio Grande do Sul, as well as Planalto Catarinense and Vale do Rio São Francisco (in Brazil's Northeast), where the dry and very sunny climate gives the grapes more sugar and, consequently, the wine a fruitier aroma. As well as larger wine producers, smaller players such as Lidio Carraro and Santo Emílio are also starting to conquer the export market. Casa Perini, which has vineyards in Garibaldi and Farroupilha, is focused on the US market, where its labels are sold at approximately 120 points of sale. "Our wines are sold at stores in Florida, Texas, New York

and South and North Carolina" states Franco Perini, the company's commercial manager. We are talking about still very low sales levels, which don't represent 0.5% of Perini's current revenue. However, in the next three years Casa Perini expects 10% of revenue to come from exports.



better than the Chilean or Argentinean version", he says. Still, Eugenio believes Brazilian wineries need to invest more in technology and the formal education of their professionals. One of Brazil's largest wine importers, Otávio Piva de Albuquerque (owner of the Expand wine company) notes that national quality wine still has a short track record – strongly benefited, in his view, by the opening of imports in 1990. "The standard of national wines improved greatly due to the need to compete with imports", says Piva. "But imported wines are still superior; Europe has been producing wines since the start of time whereas Brazil is only just getting started".

Otávio praises the quality of the Valduga labels and, mainly, of Brazilian sparkling wines, which he also compares to the best in the world. His reference to the importance of competition in improving national production leads us to the current market controversy. In July 2011, four entities from the wine sector, including the Brazilian Wine Institute (Ibravin), filed a trade protection request for Brazilian wine at Brazil's Foreign Trade Ministry, on the grounds that Brazilian wine was suffering unfair competition from foreign wines – mainly hurting small wineries. In practice, the measure wouldn't raise taxation on foreign wines, but instead introduce entry quotas per country.

Those in favor of safeguard mechanisms argue that the temporary protection measure would enable the production of better-quality fine wines at a lower cost. Outraged, importers and consumers (fearing the impact on their pockets) joined forces in protest. Even before the Trade Ministry makes its decision, some chefs, restaurants and stores have already announced that, if the safeguard measure is approved, they will take Brazilian wines off their menus and shelves. "The market needs to be open and free off protectionism to encourage an improvement at national wine producers", says Otávio. He proposes that a more intelligent measure to

stimulate consumption and boost revenues would be to reduce taxes. “Wine is food, but it pays 25% VAT when it should pay 7%, like basic basket foodstuffs”, says Piva.

Beyond the trade disputes, few would deny that the world of wine consumers is influenced by subjective assessments and passionate loyalties. Quality is important, but brand and image are also fundamental. To counter Brazil’s deficit on this front, a specialist is working alongside international markets: Angela Hirata, a marketing consultant renowned for her work in divulging Havaianas flip-flops around the world and for transforming the simple, cheaply-priced footwear into one of the most successful Brazilian brand cases abroad. Since 2009, Angela has been a consultant of the Wines of Brasil project, a partnership between the Brazilian Pro-Export and Investment Agency (ApexBrasil) and the Ibravin, an entity created 14 years ago in Rio Grande do Sul – Brazil’s state champion when it comes to wine production. The aim was to help producers of fine wines and sparkling wines from the South and Northeast regions to increase their exports (in volume and added value).

Angela thinks Brazil has some advantages in the fight for the global market. The local terroir (in wine-speak, terroir is a concept that combines a region’s climate and soil characteristics with the techniques and traditions of its wine producers) gives peculiar features to Brazilian wines, marked by the cultural baggage of wine producers (descendants of European immigrants). “Brazilian wines are also less alcoholic, fresher and younger, which is a global trend”, she says. And she laments the fact that Brazil is still typecast as a country that doesn’t

produce international standard wines. “Around 15 years ago, our producers started investing strongly in technology and studies and now produce excellent quality wines, as proven by the markets captured abroad”, says Angela. “We need to learn to value our quality products.”

The Wines of Brasil project defined some priority-target countries for the international foray of Brazilian labels: the Benelux nations, the

## Growing Asian market is a priority for Brazilian producers

United Kingdom, Germany, Poland, Sweden, Canada and the US – which has just become the world’s largest wine consumer market. To attract attention to the Brazilian product, since 2010 the campaign in the US has included tasting sessions for wine buyers wines backstage at Formula Indy races, at the invite of the project. The Chinese city-state

of Hong Kong, which has its own economic and political regime, is now also one of the priority destinations.

The ApexBrasil study considered consumption levels in each country, the share of imported wines (especially New World wines) and the prices achieved in each market. 35 wineries are participating – 20 of

which already export, and last year 14 of them closed deals with international importers. “It was a big victory and a major step forward, considering the strong crisis that

rocked the European economy and Brazil’s unfavorable FX rate”, celebrates Andreia Milan (the project’s trade promotion manager).

The crisis, in fact, affected the upward curve of Brazilian wine exports. In 2008 pre-crisis times, the Wines of Brasil project posted record exports of US\$4.7mn, which fell to half of this number in 2009. The 2011 result is thus a positive point on a recovery path that is also evidenced by the number of Brazilian wine-buying countries (31 in 2011, 4 more than in 2010) and by the value added to exports: according to Ibravin, the average price per liter exported rose from US\$2.15 in 2010 to US\$4.34 in 2011 (with no rates and freight). In general, Brazilian wines reach the final international consumer at a price of US\$15-20 per bottle, but some labels are sold at up to US\$40.

Wines of Brasil outlines targets and performs sector studies, but individual producers have their own export strategies. Miolo’s internationalization process involved in-



HANDOUT



vestments in technology and a partnership with another Brazilian “creation” embraced by the rest of the world: steakhouses, in particular those spread across the US. Initially, Miolo took its products to Brazilian barbecue houses, accompanying the array of meats that both stun and enchant foreigners. Initial exports suffered from a lack of knowledge, says Morgana Miolo, the group’s international relations manager. It took lots of trips, trade fairs and tasting events for Brazilian wine to become known beyond the circle of Brazilians living abroad. The effort

## **Brazilian wine still costs more than other New World wines**

paid off: in 2011, it exported 320,000 bottles, 40% more than in 2010. In 2012, it expects to export 400,000 bottles.

Miolo’s exports represent 10% of its total production, and the target is 30% by 2020, as part of a strategic plan defined in 2002. “At that time we wanted to become an international company, but we didn’t know exactly what to do”, reveals Morgana. “We decided to hire a French wine expert, Michel Rolland, to be our consultant” (Rolland is a famous and controversial wine specialist: while some credit him for having helped raise the wine quality of several non-traditional producers, others accuse him of standardizing tastes and encouraging a standardized and globalized wine culture that smoothes the local differences and eliminates the peculiarities of each wine producing region). In 10 years, Miolo says it invested

R\$120mn in state-of-the-art technology, imported seedlings, new facilities and equipment. It currently has a portfolio boasting 100 wine labels and exports to 32 countries — England alone accounts for 30% of sales. In addition to Quinta do Seival, chosen for the Olympics, the Reserva, Cabernet Sauvignon and Lote 43 wines are the labels most bought abroad.

Those checking the list of the largest Brazilian wine importers (see table on page 23) will note that the list doesn’t feature the most traditional producers. This is to be

expected, since countries like France and Italy (with a major tradition of producing and consuming wines) are not, nor could they be, the target of Brazilian wineries. Their proud consumers prefer wine

produced in local soil, or otherwise on European soil. Among emerging consumers, however, Asia stands out. In China alone, wine consumption between 2006 and 2010 grew 140%. As is commonplace in societies that get rich fast, buying and learning (or at least pretending to know) about foreign wines has become a sign of social ascension, alongside expensive clothing brands and imported cars. China has just overtaken England to become the world’s 5th largest consumer (it is also, since 2011, the number 2 destination on the list of Brazilian buyers). The Chinese wine market is expected to grow 54% by 2015.

Another attractive Asian destination is Japan, the 8th largest buyer of Brazilian wines. Wines from France, Italy, Chile and Argentina dominate the Japanese market, and in Japan Angela Hirata performed a brand repositioning, in particular

of Miolo. Up to that point, Brazilian wines were restricted to places frequented by Brazilian *dekasseguis* (migrant workers). The effort with local importers resulted in greater exposure at strategic locations. Currently, the Miolo wines are found at around 200 premium points of sale



1

in Japan, and the brand even appeared recently in Japanese manga cartoons. In addition to Miolo, Valduga and Vinicola Salton are also entering the Japanese market. “It’s worker ant stuff; you go, you show the product, you talk to people...”, says Angela. “Some people still ask: ... do they have wine in Brazil?”. If the objective is to create room for an unknown wine, the first step – says Angela – is to reach the sommeliers of the best restaurants and hotels and choose specialized, renowned stores. The Brazilian premium

wines, of higher quality and price, are not sold at supermarkets.

This is a path that Casa Valduga is also pursuing. Juciane, head of sales, says she has been able to include her wines in menus of famous restaurants, with two or three stars in the Michelin Guide, such as De

taurants, says the executive. A top-selling wine is Marselan, made from French grapes of the same name, a cross between Grenache and Cabernet Sauvignon. The crossed varieties came from France and were planted in Encruzilhada do Sul. "It has been an immense success, since

fers to light, less alcoholic wines for informal consumption, as opposed to the aged and complex wines more associated with the rituals of high gastronomy. Founded 81 years ago

**1** Juciane, from Valduga: wines on menus of prestigious restaurants

**2** Fair in Germany: promoting Brazilian wines



Karmeliet, in Belgium, Aqua at The Ritz-Carlton in Wolfsburg (Germany) and the Savoy in London. "This is very gratifying, it proves that the quality of our products is being recognized", she says.

The main export destinations of Casa Valduga include the US, Mexico and Germany. "Scandinavia has become a very interesting region because they aren't talking that much about a crisis there", says Juciane. "Another priority this year is China". In Germany, the Valduga labels are found at 300 stores and over 200 res-

in addition to being a wine from the New World, it is also a new variety" says Juciane. "Sommeliers love this type of novelty".

Rosana Pasini, export manager at Vinícola Aurora (from Bento Gonçalves), believes that Brazilian wines, young and easy to drink, are already making their mark. "They have their own identity, with the face of Brazil", says Rosana. In the jargon, a young wine is that which can be drunk shortly after being produced, without the need for a long aging process; and easy to drink re-

## MEDAL TABLE

**SOME OF THE MAIN** awards received by Brazilian wines in 2011:

### **VINÍCOLA AURORA**

**Gold Medal** – Aurora

Espumante Moscatel Rosé, at Vinalies Internationales (Paris, France).

### **MIOLO WINE GROUP**

**Best Buy** – Miolo Merlot

Safrá 2005, nominated by Wine Enthusiast, a US publication.

### **CASA VALDUGA**

**Gold Medals** – Reserva

Blush 2009, at the Vinos y Espirituosos International Wine-Tasting Competition (Spain).

### **VINÍCOLA GEISSE**

**Wine-Tasting** – Cave Geisse

Brut 1998, highlighted for its strong quality by wine critic Jan-cis Robinson, Wine Future 2011 (Hong Kong)

### **VINÍCOLA DOMNO**

**Gold Medal** – Ponto Nero

Espumante Brut, at Vinalies Internationales (Paris, France).

### **VINÍCOLA SALTON**

**Gold Medal** – Volpi Cabernet

Sauvignon 2008, at Challenge International du Vin (Bourg sur Giron, France).





by Italian immigrants, Aurora is a large wine cooperative, producing 50 million kilos of grapes grown by 1,100 families. The brand's labels can be found in over 20 countries, three of them conquered last year: New Zealand, Taiwan and Finland. The US is the largest importer of Aurora products, followed by Japan. This year, the company expects 50% growth in exports, with an increase in sales of sparkling wines to the US and of red wines to China.

The "own identity" discussed by Rosana is also fueled by the excellent moment Brazil is currently enjoying. Today, everything that arrives from Brazil is looked upon favorably, notes Juciane. "When we talk about Brazil, people open up a big smile". So, what still needs to be done to ex-

ploit this favorable momentum and expand the niches of Brazilian wine in the global market? Among other things, Brazil needs to reduce internal production and transport costs. In many stores abroad, national wine is more expensive than the Chilean version, although Chilean wine is more familiar and its quality is already renowned.

Esther Bucher, product manager at Mövenpick Wine, is experiencing this problem. Her wine store is one of the biggest in Switzerland and prides itself on its service quality: clients receive advice from employees with vast knowledge of wines. "There has been a major improvement in the marketing and perception of Brazilian wines in recent years", says Esther, who has been

selling wines since 2010 and currently offers a Brazilian label, Aurora's Cabernet Franc Pequenas Parilhas. "They are good wines, with an exotic touch", she says. But they are expensive versus other South American countries, she notes, especially taking into account the price and quality factors.

One of the reasons is that the Brazilian product already leaves the country with a high price. "The freight cost of a container from Bento Gonçalves to the Port of Rio Grande is sometimes more than the freight paid from Rio Grande to China by ship", criticizes Morgana Miolo. Another problem is the small-scale production. While Chile and Argentina each have over 200,000 hectares of planted grapes,



**1** Miolo in Vale dos Vinhedos (Rio Grande do Sul): over 100 years

**2** Morgana Miolo: internal cost makes Brazilian wine more expensive



**1**



**2**

Brazil has 92,000 hectares. And finally, some specialists note that there is no emblematic Brazilian grape variety, such as Malbec and Torrontés in Argentina, Shiraz in Australia and Pinotage in South Africa. Wines produced using the symbolic grape of a country sell more, and some people are betting that this place, in Brazil, will be occupied by Merlot, which has excelled in the Serra Gaúcha plantations.

Work must still be done to educate the foreign consumer on the origins of Brazilian wine. Angela Hirata usually recounts the history of the country and of the Italian immigrants who brought



techniques and wine expertise to the south of Brazil. Rio Grande do Sul (gaúcho) wine producers know that they need to take the map of Brazil to the events they participate in (says Juciane, from Casa Valduga) to show that the producing regions have their own climate and geography, different from the country's beach image. "We talk about the altitude, the average temperature, the well-defined seasons of the year and the close location to other producer countries", she says. In order for international buyers to visualize where

the national wine is made, Wines of Brasil has created printed material detailing specific aspects of the soil, climate and of the grapes planted in each region. "I always say that Brazil makes quality wine, like European wine, with a tropical flavor", says Angela.

International exposure also revealed other areas in which Brazilian producers needed to improve, such as the visual display of the bottles. "We carried out a major brand reformulation, inspired by what we saw in terms of packaging and labels", says Juciane. And she states that the Valduga wine has already received praise for its elegance at a wine-tasting fair in Germany (ProWein 2012). And finally, Brazilian consumers need to look at their national wines differently, in the opinion of local wine producers. There has always been a prejudice in relation to national labels, but this is changing.

In the opinion of Angela Hirata, the Brazilian wine industry needs to beat its chest and tell the world that "Brazilian wine is good". "The internal market has never been treated like it should" says the consultant. "I thought it was great that President Dilma Rousseff, when she took over, served Valduga wine to international authorities; her attitude placed value on Brazilian products". Together, Brazilian vineyards are proving that Brazilian wine can be a pleasant surprise among New World wines. Sales and recognition have shown this. "We are writing the first lines in the history of Brazilian wine in the international market", rounds off Juciane Casagrande. "It is a moment of great responsibility for all of us".

Cristhiane,  
with students  
from Brazil  
Ahead, in New  
York: growing  
demand

## We speak Portuguese

*More and more foreigners are studying the language spoken in Brazil, either to work or cater to the needs of Brazilian tourists abroad*

TANIA MENAI, NEW YORK

**I**n the March edition of *Intelligent Life*, a magazine published by *The Economist*, foreign correspondents wrote essays arguing why someone should learn the language of the countries where they work. One reporter argued in favor of Arab, another said Chinese was better, while one editor even defended Latin. It was left to the reporter Helen Joyce, the head of the magazine's São Paulo office since 2010, to convince readers that (Brazilian) Portuguese is the best language to learn today. To support her argument, she listed the reasons why: with 190 million speakers and expected solid economic growth, Brazil is home not just to the Amazon Rainforest but also to the

world's largest diversity of fauna and flora. It has gorgeous beaches, a year-round pleasant climate and a city like São Paulo, the financial hub of Latin America. Helen also noted that only 10 million Brazilians speak reasonable English and said she was proud that, in the future, her children (now aged 10 and 5) will be able to stamp their fluency in Portuguese on their CVs.

She depicted an increasingly common perception in several parts of the world. There is a new-found interest in Brazilian Portuguese. In the US, the discovery of Portuguese has helped change a situation that for decades seemed unchangeable: Spanish, supported by the proximity of big neighbor Mexico and the unending waves of migration

(Mexican, Central-American and Caribbean), monopolized the professional and academic interest of Americans. Portuguese, evidently, is still secondary, but the fact is that it has never had so much exposure as right now. The change in this scenario is clearly related to the increasing number of Americans visiting Brazil. Between 2010 and 2011, the number of tourist and business visas granted by the Brazilian consulate in New York soared 14.7% — 56,403 visas were issued in the period. Between 2009 and 2010, this growth was a modest 5%.

The phenomenon is being watched closely by Cristhiane Vieira-Rozenblit (born in Rio), founder of the *Brazil Ahead* school in New York, who has been teaching Portu-





ALCIR DA SILVA

guese and Brazilian cultural habits to foreigners since 2006. “When we started, the demand for Portuguese was more of a leisure activity; students interested in traveling or who were involved in a romantic relationship with Brazilians”, she says. The profile started to change in mid-2009, when the US economy was in serious trouble due to the subprime mortgage market collapse, while Brazil emerged even stronger from the global crisis. “Companies and individuals alike started to realize that Portuguese was the next language to learn, given that English isn’t spoken fluently in Brazil and they needed to understand the language in order to do business in the country”, says Cristhiane.

*Brazil Ahead* currently has

around 275 students (both school pupils and executives). “My intention is to speak Portuguese almost as well as English”, says the American lawyer William Crosby, who works at a New York advertising and marketing agency that does business with companies in Brazil. A private student of Cristhiane, one of William’s responsibilities includes dealing with litigation and corporate disputes. At least once a year, he travels to Brazil to speak with Brazilian lawyers. He has been studying Portuguese for four years and believes his spoken Portuguese is better than the English spoken by the Brazilians he works with. He had already studied Spanish at school and says Portuguese is harder to learn due to pronunciation nuances and

certain grammatical rules.

“I am more interested in conversational classes than in Law-related texts” he states. “There is always someone willing to help when I read a contract, so I prefer to focus on my vocabulary and on my general listening comprehension skills”, he explains, alert to the peculiarities of Brazil. “It is a difficult culture to penetrate, and I feel that Brazilians really appreciate the fact that I try to speak their language and realize the differences – they are surprised when they hear me talking Portuguese”. He flags a common mistake among Americans: contrary to popular belief, speaking Spanish isn’t sufficient to get by in Brazil, he says. “I never thought that one day I would learn Portuguese and today I



know it is a positive point to put on my CV”.

The teacher Aparecida Teixeira, owner of another New York language school, *Brazil Station*, also detects an important change in the profile of students. When she founded the school, in 2003, most students wanted to learn Portuguese in order to visit Brazil. “Now, most of our classes are for companies that want their employees to learn Portuguese so that they can do business in Brazil”, says Aparecida, who employs 12 teachers. “Most of our students have some form of business relationship with Brazil: they work in banks, investment firms, law offices and consumer credit companies”.

At *Brazil Ahead*, located on Lexington Avenue in downtown Manhattan, 70% of students are aged 25 - 32 and work at companies with interests in Brazil. “The other 30% are people who love Brazil, its culture, food, music”, says Cristhiane. “Many want to retire and move there”. The most sought after services are business Portuguese, Portuguese for Spanish speakers and courses for speaking, translation and presentations, useful for those moving to Brazil and who need to understand the habits and customs of Brazilians.



Another course that has been growing in demand is the preparatory course for Celpe-Bras, a certificate of proficiency in the Portuguese language needed for foreigners thinking of studying in Brazil.

She also has students who are citizens of other countries, live in New York but plan to go to Brazil for professional reasons. With his bags all packed and ready to move to São Paulo, Japanese investment banker Tsuyoshi Yoneyama started to study Portuguese with Cristhiane in February. He has been living in New York with his wife and three children since 2006. The plan now

is to take everyone to Brazil, where he expects to spend 3-5 years. The decision was made by his employer, a large Japanese bank (Tsuyoshi works in the Latin American division).

“I’m not a child anymore, so learning a second language at my age isn’t one of the easiest assignments”, jokes Tsuyoshi, who has private lessons twice a week. It is always better to speak the local language, not just for business, but also to be able to really enjoy the country”. He confesses that, before living in New York, he didn’t even know what language they spoke in Brazil.

## THE CHINESE ARE ARRIVING

**THE PROFILE** of foreigners looking to learn Portuguese in Brazil varies in accordance with mood swings in the international economy. “My latest batch of students are Chinese”, says Denise Coronha Lima (born in Rio), author of the book “Teaching Portuguese in the Corporate World”, launched in Brazil by the QualityMark publishing house in February. Denise lives in Rio de Janeiro, where she gives classes to executives of Chinese companies living in Rio since the 80s. “The Chinese are excellent –

they help each other during classes”, she points out. “It is different from other cultures, where students compete with each other or prefer to keep quite in group classes”.

Denise teaches executives from various nationalities, including Norwegian, Thai, American and Swiss students. In addition to the language, she gives classes on the local culture, discussing themes such as the lack of punctuality, problems with delivery deadlines, styles of meetings and interpersonal space. She says that 20



ALCIR DA SILVA

Yoneyama, from Japan: heading to Sao Paulo with his family

Iberian Cultural Department. Castellanos, who has been teaching at Columbia for 15 years, has noted an increased demand from students, graduates and postgraduates in the last three years. “We have people studying International Relations and other courses, but the majority are Law and MBA students who already speak Spanish”, he says.

As well as offering courses that deal with Brazilian culture, the university has launched a project that takes students to learn Portuguese in Rio de Janeiro for six weeks. “This year we will take 10 people”, he says.

anyone who is interested, not just university students.

US schools are also waking up to the language spoken in Brazil. Classes for children are offered at the Adda-Meritt public school, in Miami, which adopts English-Portuguese curricula. This is a notable change, since the second language in US schools is generally Spanish — especially Miami, home to a large and influential Cuban community. In an interview to the *Miami Herald*,

school principal Carmen Garcia said the number of candidates for the bilingual course has almost tripled since 2005. In 2005, 50 students were enrolled. For the 2012 school year, which starts in

September, there are already 130 enrollments. The objective of the school is to transform these children into bilingual citizens — equally fluent in both languages — by eighth grade.

This reflects the growing importance of Brazilians (in tourism or business) in South Florida lately,

Memorizing new words is, in his opinion, the most complicated part of the process. “At least my 9-, 7- and 4-year old children can learn a third language, alongside Japanese and English, in a natural environment”, he says.

The Portuguese language is also starting to emerge from the shadow of Spanish at US universities, including two of the most respected in New York. “Today we have university students learning Portuguese at different levels, including literature”, says Professor José Antônio Castellanos, course coordinator at Columbia University’s Latin American and

## A Miami public school already offers English-Portuguese classes

At NYU, the teacher Daniela Zollo, who coordinates a foreign language extension course, has also sensed an increased demand for Portuguese. “Our beginners’ classes are already packed and we have had to increase the number of classes for the more advanced levels”, she says. NYU offers a certificate in Portuguese to

years ago, the profile of executive expats was a middle-aged male, married to women who had quit their careers to follow their husbands. Today, there are a growing number of female and single executives. “20 years ago, executives thought Brazil was hell on earth — in their minds, it was a sacrifice just being here, and that’s why they distanced themselves from the language” notes Denise. “They would only learn Portuguese as a communication tool and nothing else”, she recalls.

In the 90s, she points out, the outlook started to

change. Many executives came to Brazil during the wave of privatizations; they already saw Brazil as a center of opportunities and wanted to learn Portuguese in order to stand out from the competition. Things really improved in 2000 onwards, with the spread of the Internet. Many of the new expats, now students of Denise, lived in other countries such as Libya, Kazakhstan, Malaysia or Singapore and arrive in Brazil speaking at least a few words in Portuguese and knowing exactly what they want to learn.



NELY CAIRETA

especially in the real estate market: Brazilians have been buying up so many apartments there that racing driver Cristiano Piquet, son of ex-Formula 1 champion Nelson Piquet, switched careers and opened the Piquet Realty company. Cristiano guarantees that of his 75 employees, the ones who sell most apartments are those who speak the best Portuguese. By the way, at the stores and restaurants of Miami and Orlando, it is fascinating to see salesmen and

waiters trying some words in Portuguese to communicate with Brazilian tourists. In New York, the same scene is repeated, although restricted to some sectors and environments. Museums such as the Metropolitan or Guggenheim, for example, don't yet include Portuguese in their literature handed out to visitors. But there is already at least one tourist service that has realized the demand and taken the jump on the competition. The helicopters of Manhattan

Helicopters fly the city in panoramic flights offering a recorded tour commentary in Portuguese — in addition to the customary Spanish, German, French and Chinese.

Brazilian tourists in Orlando: even store workers have a dabble in Portuguese

### BRAZILIAN CULTURE IN NEW YORK

**IN NEW** York, some people are fighting to preserve Portuguese in multicultural families, especially those with mixed-marriage children — a Brazilian father or mother and someone from another nationality. To perfect Portuguese spoken at home, some parents enroll their children in private classes. One of the schools sought out is *Brasil em Mente*, a cultural organization which since 2009 has offered classes to babies, children and adults. The school has an infant-child library with over 500 books, all in Portuguese. “My main motivation to

create this project was the number of families with at least one Brazilian parent, and especially families with two Brazilian parents, that were no longer speaking Portuguese with their children”, says the creator of the organization, the teacher Felícia Jennings-Winterle, born in São Paulo and living in New York, where she is married to an American. Felícia teaches nursery rhymes, holds *festas juninas* (traditional Brazilian parties held in the month of June), bazaars and various events to promote Brazilian culture in the city.



IN SÃO PAULO, EACH DAY PROVIDES OPPORTUNITIES FOR NEW EXPERIENCES, A NEW FLAVOR, AN INNOVATIVE EVENT, A NEW SENSATION. AND EACH TIME A TOURIST ARRIVES, IT'S AS IF A NEW PERSON WAS BORN.

Photo: Caio Pimenta

São Paulo

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# Size isn't an obstacle

*After the 2008 crisis-induced slump, micro and small companies are starting to export again*

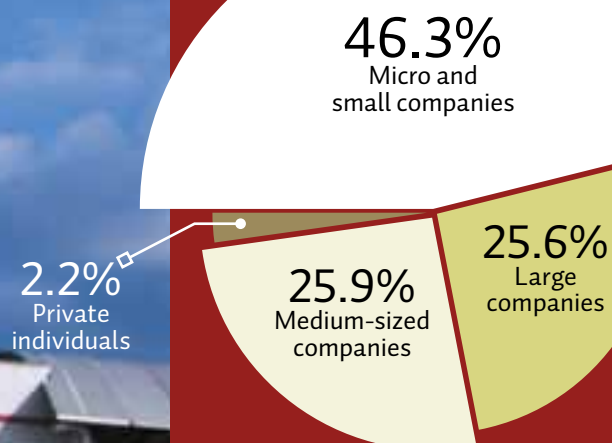
LEONARDO MOURÃO



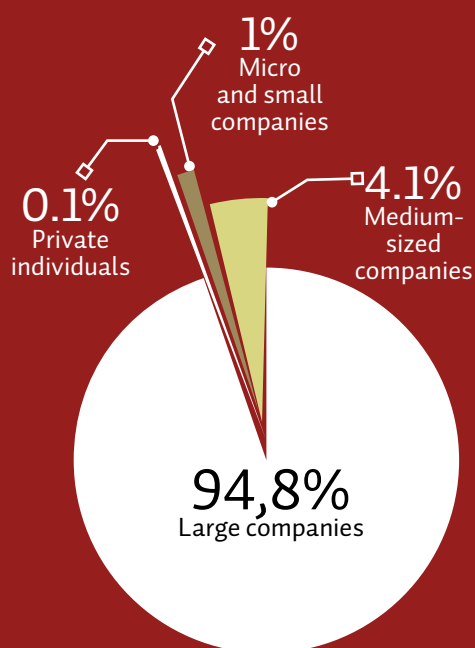
Renato, from Tirante A, producer of navigation instruments for sporting equipment: playing in enemy territory

## TIMID MAJORITY

Micro and small companies account for the largest number of Brazilian exporters...



...But their export total in absolute values – in 2010 – is still very small



In % of sales in 2010  
Source: Sebrae

**L**ooking up close, or even from afar, you will have a hard time finding something in common between a variometer and an old iron painted with multicolored flowers. A variometer – such as those made by Renato Pisani (from Tirante A - Adventure Instruments in São José dos Campos, São Paulo), whose image appears at the start of this report – is a complex aerial navigation instrument whose main function is to inform the person in charge the speed at which an aircraft is climbing or descending. Technologically, the two products seem as light years apart as the thousands of years of evolution that separate the worlds of the Flintstones and the Jetsons.



## A LITTLE FROM EACH SECTOR...

Distribution of micro and small export companies, by sector (in 2010) in %



Source: Sebrae and Funcex

But variometers and decorated irons; furniture and software; surgical instruments and recycled cardboard and another diversified range of goods produced by small-scale national companies form a group of goods with their own weight in the Brazilian trade balance (albeit on a much smaller scale to the weight of the commodities that Brazil exports to a world increasingly keen on consuming soybeans and iron ore). The numbers tell this story; upon analyzing statistics on the exports of micro and small Brazilian companies, we will see that, after the shock caused by the 2008/9 global crisis, these exports are growing again in abso-

lute values (despite oscillating as a percentage of total exports).

The statistics of Brazil's Development, Industry and Foreign Trade Ministry on the share of micro and

## With the crisis under control, small companies' exports are growing again

small companies in Brazilian exports only record this performance up until 2010. In that year, 10,150 small Brazilian companies did business

abroad (i.e. 46.3% of the total 21,918 Brazilian companies that export). But due to their small size, the value of their sales totals a much lower percentage in relation to the total:

from 1.86% in 2007 (the last full year before the crisis that broke out in the last quarter of 2008), this percentage plunged to 0.85% in 2009 and around 1% in 2010. However, since the overall amount of

exports rose (partly due to China's voracity for said commodities), the share of micro and small companies also rose in absolute numbers. Af-



BIA PARREIRAS

Renato: to serve the European market, the equipment isn't welded together with heavy metals

structure and productive processes to meet what is a highly demanding and contested market.

A change in legislation in November 2011 favored exports. Complementary Law #139 raised the annual gross revenue ceiling of small companies from R\$2.4mn to R\$3.6mn. As a result, the Law increased the limit for companies to remain within the Simples Nacional (Simplified Taxation System) by 50% and to continue enjoying the tax benefits they previously had. The measure could help to maintain a certain degree of stability found in the universe of small Brazilian companies. "There is equilibrium in the number of companies, which has been more or less constant over the years", notes Jaime Akila Kochi, a consultant at Sebrae-São Paulo (the Brazilian Support Service for Micro

## Poor knowledge of English is a barrier to internationalization

In the leading countries of the global economy, small and mid-size companies usually have a much stronger involvement in economic life. Their products have high added value, mainly due to their technology; their small companies understand and cater to the needs of the market, and their labor force is much better prepared. Here, most Brazilian companies suffer from the infant diseases of the market economy. For example, bilingual Internet sites or marketing literature remain scarce, meaning that communication is virtually only understood by buyers from Portuguese-speaking countries. Small companies, in general, are not familiar with the export market and don't know where to seek information on buyers for their products or services.

Export costs are also a mystery to them, and companies even have difficulties clearly specifying the products they make. If and when they survive all

these internal pathogenic agents, micro and small companies are then faced with external challenges. An example of this is the legislation of some countries, especially the most developed nations, which raises restrictions and demands that can only be met by those in command of their entire production process and the process of their suppliers. There is no need to explain what a rare skill this is among Brazilian companies, even the larger ones.

But Brazilians are not being intimidated by having to play on their opponent's field. A good example of this is Renato Pisani, one of the partners of Tirante A/Adventure

ter totaling US\$2.99bn in 2007 and falling to US\$1.32bn in 2009, this amount totaled US\$1.96bn in 2010.

From 2010 to 2011, total Brazilian exports grew around 25%. There is no reason to believe that small exporters fared any worse. And Brazil's current moment in the sun is opening the doors for national products. Small businessmen have realized these opportunities and a growing number of them are taking part in trade fairs and business meetings abroad. At their own initiative or supported by government entities or trade associations, they are increasingly looking to adjust their management, stockholder

and Small Companies). According to Kochi, this is explained by the market's inherent dynamics.

Stability doesn't mean that companies are the same over time. What it does show is that there is a constant flow of small firms growing and migrating to the category of mid-sized companies (read more on page 48), while new small companies are created and enter the market (as well as those, of course, that don't survive and go out of business). In this high-pressure environment, any extra impetus by the government is welcome when it comes to exporting, since abroad the game is played by rock solid players, small or not.



Instruments, the company that manufactures the TAV “variometer”, and other instruments used in adventure equipment. In September last year, Pisani displayed his product at a stand at the 38th Icarus Cup in Saint Hilaire du Touvet, in France, the most important commercial event of the free-flight market in the world. “The market for free-flight equipment in Europe is the most important on the planet and about 30 times larger than in Brazil; it is therefore obligatory to

be there”, says Pisani. But before going to France, the company made efforts to gather information about the market and discovered that, to export to Europe, it would have to adapt the TAV to the more rigorous requirements in that market. Of particular note being the rule that prohibits the sale of products that have dangerous substances in their components, such as the heavy metals cadmium, lead, mercury and others.

“The solder that we used in our products contained lead, which is

usual in the Brazilian market”, explains the executive. “We therefore needed to change this process, and replace a number of items which contains heavy metals; and all this three months before we were taking our products to France.” The effort required was substantial, and we needed the help of a specialist consultant. The navigation equipment has more than 200 components. Tirante A produces the motherboard and the software, which together make up the “soul”





contacts at Saint Hilaire du Touvet, Renato Pisani sought the help of Sebrae - SP. There he participated in management seminars. "This was an important help in enabling us to carry out better planning in order to meet the requirements for the company's entry into foreign markets"

And it must be recognized that Tirante A is flying high in a market which is considered to be one of the most demanding on the planet, seeking to win space in a market where the positions held by aeronautical equipment manufacturers are already well established. But independently of the results achieved over the short term, in the opinion of specialists, the company has entered the game in the most appropriate manner, by preparing itself in advance to meet the requirements of the target market, in this case Europe. "Each market is unique, and requires a management and production capacity which is appropriate to its particular reality", affirms the technical director of Sebrae, Carlos

founded the company 10 years ago, and have had a partnership with Sebrae for eight years; we already export some products to Portugal and Spain and are on the verge of signing deals in Chile", says Raquel Cruz, the company's proprietor, which today has 17 employees, and annual sales of around R\$ 2.7 million.

Last year, Feitiços participated in a business roadshow promoted by the Industrial Federation of the State of São Paulo (FIESP) in the Caribbean. At the suggestion of a technician from Sebrae, Raquel Cruz created a special brand name for the event, "Brasil Aromáticos", which is an edition of natural products. The idea was to take advantage, let us say, of the global goodwill that has Brazil has engendered in recent years. "It was well-received by buyers, and many of them commented that the Brazil brand-name was a guarantee of success in the market", recounted the proprietor.

## Europe doesn't accept parts with heavy metals such as lead

Perhaps because of the discovery of the "Brazil" aspect of Feitiços Aromáticos on the internet, importers from the Republic of Benin in the Gulf of Guinea, in Af-

rica, expressed interest in importing cosmetics produced by Feitiços Aromáticos. "We are negotiating with them, but the main challenge is that the company has no one that speaks English well enough to go through all the negotiations. However, I have hired a private English teacher, and I will soon be in a position to close deals", says Raquel.

The lack of domination of foreign language, principally English, is one of the difficulties that small and medium-size companies face when

of the TAV, but all the rest—from the screws to the battery – are supplied by third parties. "We managed to adapt ourselves to the European requirements and have made several contacts which this year have borne fruit, but the best thing is that now we are able to track and control all the parts that make up the apparatus", summarizes Pisani.

After carrying out a radical redesigning of its production process, reorganizing its suppliers, its 25 employees, and making promising

Alberto dos Santos. "But most small businessmen only realize this during the process of insertion into the international market, which ends up provoking the need for an additional learning process."

Feitiços Aromáticos, a company based in the city of São Paulo and a manufacturer of naturally-based cosmetics, erotica and esoteric items, has also carried out adaptations to its management and marketing which enabled it to make its first steps outside Brazil's frontiers. "We



1

entering the international market, explains Leonardo Deppe, project manager of Peiex, Projeto Extensão Industrial Exportadora (project for industrial expansion through export). Created by Apex-Brasil at the beginning of 2009, Peiex has offices and technical staff in various cities in Brazil, that provide solutions for technological and management problems in micro, small and medium-size companies interested in exporting their products.

“We have already provided guidance to some 10,300 companies through our technical staff”, says Deppe. “What we propose is an in-depth evaluation of the procedures and controls adopted by the companies; we carry out an assessment of the company’s strengths and those aspects which could be improved, and provide training meetings to

improve business management.” In the first phase in which the companies participate at Peiex, the subject of exports is not touched on, he says.

## Entering the export market is a lesson on how to compete

“When the businessman begins to feel that he is on a firmer footing, fulfilling delivery dates and being more competitive, it is then the time to look for additional markets.”

In their first inroads into international markets, businessmen from micro and small companies should not measure the success of their business only taking into ac-

count the profit that they are capable of achieving. To be there, in a demanding market, side-by-side with competent rivals, is a precious

opportunity in learning how to sell, say the specialists. This is one of the touchstones of the concept of internationalization. “Many companies seek out export markets believing that to export is one of

the most rapid and efficient ways of achieving greater competitiveness”, affirms Carlos Alberto dos Santos, of Sebrae Nacional. “They believe that to be in international market allows them also to monitor emerging trends”.

This is true even of those who have made just one sale to one buyer in foreign markets. This is the case



2

of Rede Cata-Bahia, that consists of collectors of recyclable paper in the district of Canabrava, in Salvador, and another nine municipalities in Bahia, which in 2009 exported 20 tons of cardboard bundles to Belgium. This export became a reality thanks to PAIIPME, the International Cooperation Project for Support for the Insertion of Small and Medium-Size Companies into the International Market —promoted by the European Union and the Brazilian Industrial Development Agency, ABDI (see page 46). “Not only do all the conditions need to be favorable and come together for such an export transaction – the price of the product in the international market was favorable, as was the exchange rate –, but also there was work needed to build a sales structure, identifying internal stumbling

blocks within management, which was carried out with the help and financing of PAIIPME”, recounts André Paternostro, coordinator of the

## Papel recyclers from Bahia exported cardboard to Belgium

project of Pangea, the NGO which created Rede Cata-Bahia and coordinated the export process.

“Since then, we have made no further sales abroad, but the experience showed us that we should, instead of trying to export commodities, sell products with a higher added value”, affirms Paternostro. Based on this observation, the NGO drew up a

new business plan, and has already acquired an extrusion machine and a blowing machine, which will enable it, for example, to produce PET

packaging. “There is an international market for these products, particularly in Asia, but in order to achieve volume, we need to create an even larger network of recyclable material collectors”, explains

Paternostro. This export transaction broke new ground. Up to that time, no organization for the collection of

**1** Raquel, from Feitiços Aromáticos: a new brand to explore Brazil's good momentum

**2** Craftswoman Patrícia Araújo: repaginated old objects attract attention of Chinese in Panama





## A PROJECT FOR TRANSFORMATION

A **DECISIVE** move in the international direction was the setting up of the International Cooperation Project for the Insertion of Small and Medium-Size Companies into the International Market, PAIIPME, developed in combination with the European Union and the Ministry for Industrial and Commercial Development, represented by the Brazilian Agency for Industrial Development, the ABDI. The project lasted for over four years, coming to an end in the second half of last year. Approximately 2500 small and medium-

sized companies were assisted either directly or indirectly, according to the figures for the program, in diverse sectors ranging from information technology, oil & gas, ceramics, shoes and agribusiness.

Small and medium-size companies that participated in PAIIPME were not only encouraged to export, in accordance with the objectives of the program, but also given access to tools needed to enter international markets in a sustainable and competitive manner. That is to say, according to the President of ABDI

Mauro Borges, that the program concerned itself about the many stages involved, from carrying out diagnoses and market research, to adapting processes and products, and, finally, seeking out commercial partners and promoting the exports themselves.

During the period of the program, technicians from PAIIPME carried out around 700 diagnoses, studies and market surveys. The total amount of consultations came to some 12,000 hours, with another 5000 hours of training. Among



Leonardo, from Peiex: helping over 10,000 companies to improve management before exporting

recycled material had entered the international market.

Adding value to what is exported can also signify the valuation of inexpressible qualities, such as beauty, exoticism and grace. “The world is always hungry for novelty items - different and surprising products - and we have the talent to offer this to the world”, affirms Margarida Collier, the manager of the Project

in Central America. “We monitored ten companies from Pernambuco in the areas of beach fashion, decoration, shoes, cosmetics and furniture, and all of them were satisfied with the contacts they had and the experience which they gained.”

Arts and crafts worker Patrícia Araújo was part of a group from Pernambuco present at Expocomer.

## IT companies seek business in Portuguese-speaking countries from Africa

for the Internationalization of Micro and Small Companies of Sebrae in Pernambuco. One example of the enchantment which Brazilian fashion, arts and crafts, sweets and drinks is capable of inspiring with international buyers, was seen in March of this year at the 31st Expocomer, which brought together 2500 companies from 30 countries in Panama,

In the group's catalogue, sold under the brand name Tita Araújo, are antique pieces formerly in daily use, such as smoothing irons made from cast iron, teapots and coffee pots, watering cans, saucepans and

meat chopping boards, transformed into objects of art, painted in floral motifs. “The reaction is almost always emotional; when an antique object formerly used in daily life is transformed, it brings a little history to life, and this creates a certain awareness in almost anybody.”

The success achieved with the buyers filled her with enthusiasm.

the various initiatives were technical assistance, human resources training, the purchase of highly complex technological equipment and corporate training. Furthermore, the entities and companies involved participated in trade fairs and visits, both within Brazil and abroad, in more than 90 instances.

One of these visits involve the invitation of ceramic industrialists from Mato Grosso do Sul, accompanied by technicians from the State Industry Federation – FIEMS — one of 29 Brazilian partnership

entities of PAIIPME. Representing a heavy industrial industry in Mato Grosso do Sul, the group of ceramic executives was received at the Institute of Ceramic Technology in the province of Castellón, in Spain. At the meetings which preceded the visit, technicians from FIEMS briefed the participants some of the more common problems encountered by small companies without international experience that can create obstacles for sales abroad, for example: inappropriate designs and packaging, high cost,

lack of certification and technology appropriate with the standards of potential buyers.

In this way, the training of small companies to grow and expand internationally was given a welcome boost. For the nationwide director of PAIIPME, Patrícia Vicentini, the concept of internationalization of the program is wider-reaching than just investment in exports. It includes the entire production system, as well as training the companies how to negotiate - preparing themselves to enter the international market

“We made some excellent contacts buyers from the US, Britain, South Africa... from various countries”, she said. “This is the major advantage to be gained from these trade fairs.” In addition to the compliments received, and having sold all her samples, Patrícia noted that her pieces were photographed in detail by Chinese visitors. “Yes, the Chinese are everywhere, and for this reason we need to sell products which have their own niche in the market”, says Margarida Collier. “It is not possible to compete with China selling pants and boxer shorts, which are commodities, we need to sell fashion or arts and crafts, with a Brazilian face”,

Although it is not possible to be absolutely certain, it is unlikely that over the next few years the Chinese will inundate the market with antique saucepans and old sewing machines painted by hand. But



1

## THE INSPIRING CI&T MODEL

**IF THERE** was no such thing as garages then the Internet might never have even come about. Instead of e-mails, Wikipedia and software, we might still be communicating by telegram, checking out facts in libraries and doing our accounts by simple calculators. The number of IT companies that were founded in garages is enormous: Apple, Microsoft, HP, Google and Youtube, to mention a few of the best known. In 1995, in a small garage in the Taquaral district of Campinas (SP), an IT company, now known as Ci&T, was born. Its founders were three students from Unicamp university who lived in the rooms above the garage. It is a classic tale in the history of IT companies.

Ci&T aimed to produce soft-

ware for the international market from the very day it was founded. Nowadays, it has 1,500 employees and development centers in Belo Horizonte, Buenos Aires, China, the United States and it will have set up in Japan by the end of this year. The company provides outsourced services to develop and maintain applications, consultancy services for maintaining the SAP system, *Business Intelligence* and digital marketing, amongst other. We are presenting the rise of Ci&T in this issue in a bid to inspire today's small entrepreneurs in order to show them that Brazil's small companies can also leave their garages and take on the world as the giants like Apple and Microsoft did.

“We began in 1995, a really bad

time for the economy and experienced misfortunes like the Internet bubble,” said Mauro Oliveira, the company's marketing directors. “Brazil had none of the presence or global prestige it has today and even though we highlighted the Brazilian success stories like the computerized election, our automatic financial system, Embraer and its sophisticated software, we had no access to the global market.”

Oliveira, also an Unicamp student, was Ci&T's eighth employee. He recalls how the company chose a strategy of going international to find partners among European institutes and get the backing of Unicamp university for the excellence of its work. “Step by step,



**1** Marcelo, from Mhacker: first deals with Angola and Mozambique

**2** Mauro, from Ci&T: partnerships with European institutes to overcome resistance abroad

even if they did so, the niches that Margarida Collier is referring to are those that demand exclusivity and personalization. On the other side of the knowledge repertoire, meanwhile, Brazilians are also venturing out into a world where the fight is between the big companies, such as in the Information Technology segment.

“Today, Brazil is the fifth largest in the world in terms of IT, and what we produce is extremely sophisticated in terms of applications for financial services, deepwater oil exploration, electronic voting machines, and software focused on agribusiness”, affirms Antônio Gil, executive president of Brasscom – the Brazilian Association for Information Technology and Communication Companies. “The IT industry even grows in times of crisis; in the case of Brazil, we have been increas-

ing our business at the rate of 10% a year, and for 2012 the forecast expansion is even higher, at 12%.”

This sophistication is what Gil refers to as the “differential” which puts Brazilian companies into increasingly important niches in the international market. They have shown themselves to be capable of even competing with large software

## Brazilians are trying their hand in areas like IT, a tough market

exporters, such as India, which has a more conservative portfolio. And based on this opportunity, small businessmen are also in the game. “I accompanied a mission by Sebrae to Mozambique, closed deals in Lu-

anda and I also have forged contacts in South Africa”, recounts Marcelo Coelho from Mhacker, a company from Rio Novo do Sul in the state of Espírito Santo, that develops software for stock control and retail operations.

Marcelo Coelho considers Portuguese speaking countries, such as Mozambique and Angola, as the best ports of entry into the export market. “They have very similar cultures, and I can provide the support needed without any difficulty. And once we have established a firm presence, we will be seeking out business in South Africa, which is the hub for the entire African Sub-Saharan”, he summarizes. “After that, the world is the limit.”

FOTOS: HANDOUT

**2**

we began to provide services to multinationals in Brazil and this opened doors abroad. We obtained loans from the BNDES (the Brazilian development bank) in 2002 which allowed us to capitalize ourselves enough to make our expansion abroad possible.”

Ci&T has been expanding by an average of 35% a year and owes much of its success to the corporate culture that has evolved within the company, according to Oliveira. “We have the guts to believe in what we are building and we really want to make things better on a daily basis,” he said. “We really believe that we will grow.” Quite inspiring, isn’t it



Dilma, from Brazil, with fellow BRICS leaders: a bank to call their own

## A bank for the Brics?

*The major emerging markets are studying the creation of a bank to promote development and reinforce their global presence*

DENYSE GODOY

**T**he 2008/2009 global crisis, triggered by the collapse of the US subprime mortgage market, rebalanced the global distribution of power and wealth. The historically rich countries, which dived headfirst into the recession, emerged from the crisis weaker; the large emerging markets, who weathered the crisis and continued growing, emerged stronger. But the change wasn't reflected in the multilateral institutions that regulate international relations: the IMF, the World Bank and the UN Security Council didn't change their structures or their operating and governance rules to reflect the new realities.

The frustration of emerging markets with this situation is palpable, especially of the BRICS (Bra-

zil, Russia, India, China and South Africa), the group of large countries that assumed the role of leading the emerging block. The choice of the French woman Christine Lagarde as director-manager of the IMF in 2011, and of the American Kim Jong to chair the World Bank, a few weeks ago, left it clear to BRICS that developed nations' comments in favor of more balanced power in the

**The bank would give more autonomy for countries to finance their growth**

post-crisis world won't translate into real changes any time soon.

But how to soothe these frus-

trations? Last year, India launched the idea of creating an international bank (like the World Bank but financed by emerging markets) to promote development and meet the needs and interests of their members, without the supervision of the wealthy nations. Indian Prime Minister Manmohan Singh formally presented the proposal to create the bank to the other members of the group at its fourth summit



ROBERTO STUCKERT FILHO/PRESIDÊNCIA DA REPÚBLICA / AG. BRA

# Summit

## 2012 New Delhi



meeting, held in New Delhi at the end of March. The five countries decided to get the project up and running and return to the discussion table in 12 months time.

What would be the purpose of such a bank? Its defenders signal the autonomy that emerging markets would gain, no longer having to depend on institutions controlled by developed nations to finance their growth. On the other hand, critics are wary of the creation of a major international bureaucracy, ready to consume resources and efforts that,

in their opinion, would be better used for other purposes. Others note that the instrument proposed

**“BRICS can't just be seen as a trade outpost”**

(a bank) is financial, but the objective is largely political: to ensure that emerging markets have an in-

ternational voice more in keeping with their growing economic importance.

“The BRICS are a relevant market, and of course everyone wants to trade with China and India; but we shouldn't just see the BRICS as a trade outpost”, says Paulo Borba Casella, author of the book

BRIC: Brazil, Russia, India, China and South Africa – a Perspective of International Cooperation (Atlas),



professor of public international law and vice-principal of the University of São Paulo (USP) Law Faculty “It isn’t just a question of trade, but rather global politics, and the new global order is starting out precisely with a multi-polar world, provided that the five emerging markets understand each other and work together at least a little”.

For Brazil, the challenge presented by the Indian proposal is two-fold: on the one hand, private-sector voices state that the country doesn’t need a new mechanism to finance its companies, as we will see later on; and on the other hand, the defenders of the proposal need to show that the political advantages

### “It's better to tap the capital market's cheaper funding”

of participating in such an initiative would still compensate the efforts and resources to be invested.

According to Brazilian experts participating in the negotiations and preparations for the New Delhi meeting, the Dilma Rousseff government believes the bank could help the member countries to exchange experiences and know-how in each country’s field of specialty. China, for example, would be a reference for infrastructure projects, while Brazil would share agricultural technologies, its expertise in producing bio-fuels and its own model for a development bank – established by the (globally recognized) BNDES. From the political point of view, Brazil could also strengthen its diplomacy by mediating the trade relations of its partners at the bank with the US

and Europe – who it is closer to for historical reasons and cultural affinities. “The country would better justify its demands to be a part of the UN Security Council”, says Oliver Stuenkel, professor of FGV’s Center of International Relations.

Thus, civil servants believe Brazil’s participation in the new bank wouldn’t mean putting aside its pretensions to assume greater international responsibilities at other entities. To the contrary; in the view of Fernando de Azevedo Pimentel, undersecretary of International Affairs at Brazil’s Finance Ministry, it could be an argument in favor of these pretensions. “The success of the initiative would enable the member-

countries to effectively show their capacity, their vision, and the implementation of new concepts developed in their growth process”, he says.

In addition to helping project its members on the global map, the bank project also aims to anticipate an expected retraction in developed nations (both the US and Europe) when it comes to providing funds to the current international institutions, given their complicated financial predicaments. This is precisely why President Dilma Rousseff supported continued discussions on the creation of the bank. “Brazil believes expanding financial cooperation between BRICS countries is fundamental, with an eye to promoting sustainable development”, said Dilma at the end of the Nova Delhi conference.

If the project’s political advantages seem evident, it is paradoxically on the economic side that the BRICS bank faces greater resistance. “National companies could find a much cheaper source of funding in

the capital market than from borrowing at a bank”, says Paulo Oliveira, director-president of BRAiN (Brasil Investimento e Negócios), an entity created by the São Paulo Stock Exchange (BM&FBovespa), by banks and by other business institutions to promote the consolidation of an international financial center in Brazil. Another criticism is that Brazilian companies’ credit demand



is already adequately catered to by the BNDES itself and by other international development agencies – thus, the cost of sustaining another such bank wouldn’t be justified.

“However, in theory, a new bank could offer more favorable financing terms, and also the chance for these companies to expand their business in the Far East, where they have a small presence”, notes João Nogueira, general coordinator of the BRICS Policy Center, linked to PUC-Rio (Pontifícia Universidade Católica do Rio de Janeiro), where he is also di-

rector of the International Relations Institute. The main benefit signaled by academics is precisely the opening up of each member country's markets to their peers. In the long term, according to this rationale, the opening of markets could evolve and expand, potentially resulting in an agreement to reduce tariffs and other trade barriers.

However, economic success de-

them greater legitimacy, and in this negotiation Brazil's multilateral tradition holds great sway."

Nothing has yet been discussed about the proportions and rules for capital injections, which should be debated and defined by the member countries. Specialists expect equal participations to be established, despite the differences in the economic firepower of each member country –

**1** Dilma with Minister Patriota in New Delhi: yes to the idea of greater cooperation among BRICS

**2** Stuenkel, from FGV: NATO and G7 also have their divergences

the start of April. "In principle, if the BRICS decide that they want another financing vehicle, we will work with it."

But political commentators and the press from the wealthy nations didn't use any diplomacy to hide



**1**



**2**

their skepticism. "The European and American media and analysts like to scorn the BRICS, saying their member-countries don't have sufficient political union and intentions", says Stuenkel from FGV. "But entities such as NATO and the G7 also have their own internal differences and oftentimes are unable to reach a consensus on certain questions, but that hasn't led anyone to question their existence". The BRICS thus need to show that they can practice the age-old political lesson: strength can also arise out of diversity.

pend on political harmony between the BRICS. Reaching an agreement on the bank's governance rules and its investment priorities is the first obstacle to be overcome for the proposal to flourish. China has already offered to head up the bank – something which the other countries aren't willing to discuss right now. "But the Chinese don't want to appear on the international scene on their own, as a threat, as competitors disputing market share with Western countries", notes Nogueira. "Being part of a strong group gives

this would be the only way to ensure balanced forces and decisions. To achieve a minimum consensus and obtain concrete results, however, the five countries will have to win over, in addition to their own potential divergences, the distrust of the wealthy nations. US banker Robert Zoellick, who headed up the World Bank when the Indian proposal for emerging markets was announced, gave general diplomatic support to the BRICS Bank. "We work with and have partnerships with regional development banks", said Zoellick at

*Young digital business entrepreneurs are entering the global services electronic commerce market and already winning prizes and recognition.*

SUZANA CAMARGO

Until quite recently, any company that wanted to go international needed to set up a production unit in another country or at least export physical products. However, the arrival of the Internet at the beginning of the 1990s made these prerequisites redundant. The world began to be interlinked at the click of a mouse and new businesses were created based on universal digital technologies and were almost ready to jump across national borders. Three young Brazilian companies are examples of this change: Predicta and boo-box from São Paulo and Samba Tech from Belo Horizonte in Minas Gerais state. These names are still not well known outside the world of digital media but they are catching the attention of foreign investors and publications and they did not need a long time to mature before they took on the global market.

The three raised their standards in a world in which there has been an explosive growth of commerce and advertising through digital means. A recent study by IAB Brasil (Inter-

active Advertising Bureau) showed that 3.1 billion dollars was spent on online advertising in 2011 in Brazil alone, 10% of the total advertising market. This figure is expected to grow by 25% over 2010. "Online publicity has already overtaken other traditional means, such as magazines and cable TV, and will shortly take on newspapers," said Edvaldo Acir, director of IAB who has a Master's degree in Multimeans from UNICAMP university. The Internet was the winning means in terms of attracting investments in advertising on the web and expanded by 27.9% on the global markets between 2009 and 2010.

In this brave new world, young companies like these three did not wait to expand in Brazil before going global. Instead, as soon as they started growing domestically, they started looking for international clients for their products and services. Predicta's softwares, for example, are now present in more than 100 countries around the world. Samba Tech from Minas Gerais, which was founded eight years ago, began pros-



Marcelo:  
between the  
brands and  
the consumer

# At the click of a mouse



pecting neighboring markets some time ago and opened an office in Buenos Aires last year while boobox does business with more than 50 international partners and has also set up operations in Argentina.

Predicta is based in São Paulo where it occupies two floors of a modern building in the Vila Olímpia district. It developed technologies used by giant multinationals such as GM, Visa and Banco Santander, amongst others. The company's revenues for 2010 are estimated at 22 million Reais although the partners would not confirm or deny this figure. "What I can say is that we have registered growth of 50% over the last three years and expect to maintain this rate," said Marcelo Marzola, CEO and one of the company's founding partners. Predicta was also listed as one of the 10 most innovative companies in Brazil by the prestigious American publication Fast Company, a ranking in which it appears alongside names such as Embraer, Petrobras and Stefanini. However, it is worth raising the question that is always asked in this area: what exactly are the products that Predicta is offering?

It is not that easy to explain to the layman. "I have been working in this business for more than 10 years and even now my mother still does not understand what we do," joked Marcelo. In simple terms, he said Predicta facilitates the communication between brands (companies) and people (consumers) within the digital context. To do so, the

company creates technologies and platforms for the Internet that are capable, for example, of monitoring the surfing habits and behavior of consumers on a shopping site. The aim is to bring together valuable information that can help the advertiser better plan its communication and sales strategy. "The companies advertise their brands on the Internet and want to know the return they are getting from this advertising," said Marcelo. "This was where

## The on-line advertising market is growing at rates of around 25%

we focused our products."

A liking for business and fascination with technology brought the company's three partners together when they were still students. Marcelo, Phillip Klien and Walter Silva were friends in their early 20s, living in Rio de Janeiro and studying administration. They wanted to create a site that could sell tickets for shows. What is now commonplace was very complicated at the end of the 1990s when the Internet was still young. The friends learned that they would need a very large investment to make the project viable. To make things more complicated, there was still a lack of technology to take the business further. However, another opportunity arose from that

frustrated attempt. Klien, Silva and Marzola noticed that selling advertising space could be a great business opportunity.

Demand for this kind of service was actually beginning to appear at that time but few people on the market, which was still in the grip of traditional information channels, were aware of the demand or prepared to meet it. "This was the start of everything," said Marcelo. "We needed technology to sell ad-

vertising space on the Internet and began to develop new tools."

The partners soon saw that it would be even more worthwhile to invest in evaluating the performance of sales sites. This meant not

only facilitating and intermediating the investment in digital advertising but also measuring its efficiency — something that the Internet, by its very nature, was able to do better than any other medium. If a bank decides to sell credit cards through the Internet, for example, it can track operations right from the moment when the consumers are exposed to the advertising campaign to when they enter the advertiser's site. "We were able to inform the client that the campaign had been seen by one million people of whom 2.5% contracted the credit card," said Marcelo. (Read more on page 59).

If Predicta — a company which was created in Rio and moved to São Paulo in 2001 be nearer the large

agencies— chose the vast Internet commerce territory to develop and gain the world, the Minas Gerais-based company SambaTech marked out another fast-growing area for itself: video on the worldwide web. SambaTech was founded in 2004 and offers the digital infrastructure needed to manage and distribute video files through the Internet. “We don’t produce the content of the videos but supply the technology for our clients to deliver them simply, quickly and securely,” said Gustavo Caetano, founding partner and CEO of Samba Tech. The company works with Internet TV, distance education, live transmission and video advertising. This latter segment is run by Samba Ads, a new unit that was launched recently and has already had 50 million video views. All this content is hosted in cloud computing which allows data to be stored in giant servers accessed remotely through an Internet connection.

Edvaldo Acir of IAB points to boo-box from São Paulo as another example of company in the sector which is becoming international. This is a company that is looking at advertising in the social medias to allow its advertisers to reach Brazil’s estimated million 80 Internet users, according to a survey carried out by Navegg, a company involved in online-audience seg-



mentation. The work of boo-box is to form the bridge between candidates for advertising and digital publishers (producers of content for sites, blogs, twitter profiles and others, particularly on the social networks). The company's operating market is known as ad networks and brings together advertisers and websites.

It was created in 2006 by Marco Gomes, a young advertising professional and former computing student who was only 20 at the time. (Gomes did not even finish the course he began at Brasília University.) Boo-box has a data base containing 40,000 affiliated publishers and around 310,000 registered sites. These sites generate the most varied content with interests ranging from tourism and health to cooking and autos. What the company actually does is to present sites which want to gain revenues from advertising to advertisers interested in selling their products to the Internet users who access the pages. The publishers can register in the boo-box data base free of charge. The advertisers pay for the advertising: a percentage of the amount is transferred to the sites and the rest is boo-box's revenues. By cross-selling on-line data, the technology developed by Gomes means that the advertisers adjust themselves to the profile of the public they are seeking. Not only does the company make the link between the two sides but it is also responsible for putting the ads online and setting up the platforms to ensure that they work in the best possible way. Boo-box has a portfolio of large names such as Fiat, Brastemp, Banco Itaú, Intel, Claro and Unilever among its advertisers. Marco Gomes estimates that around three billion ads can be announced a month through the company's on-

line advertising network.

The opportunity to expand internationally arose almost naturally

## Arriving on the global market was a natural step for the three companies

for the three companies, thanks to the easy global connections brought about by the Internet and the international inclination of their founders. "We knew we would be able to go abroad because we had developed technology with a global way of thinking," said Marcelo of Predicta. "We have never believed in developing restricted technology for a local market but we wanted to go international in a structured way to be successful." In 2008, encouraged by the demand from multinational clients who wanted their services in their foreign outposts, the three

partners decided to create a site in English which would offer their products with no reference to the company's nationality.

The return, according to Marcelo, was immediate. Potential clients from other countries entered into contact asking for estimates and seeking further information. However,

just as the partners did not want to speak about the overall results of the company, they also did not want reveal the share of revenues generated by clients in more than 100 countries.

Gustavo Caetano of Samba Tech has been used to making international contacts since the beginning of the business. The young businessman had a company which carried out the intermediation between international developers of games for cellular and local mobile telephony operators when he was invited by a director of the Massachusetts In-





Predicta's Klien:  
tracking buyers  
through the  
Internet

decisions for the company in a kind of professional and cultural interchange between the MIT students and Samba Tech. The company opened an office in Buenos Aires last year and appointed a sales director for the region. Argentina, Chile, Peru, Colombia, Mexico, Ecuador and Uruguay are the countries where its main international clients located. "We have also hired resellers to expand our operations in Latin America," said Gustavo, who graduated in marketing at ESPM.

Samba Tech has expanded by 200% over the last two years. Its main domestic clients are the cosmetics manufacturer, Boticário, the mobile telephony operator, TIM, the television networks, Globo, Bandeirantes and SBT, and Veja magazine. The company expects 10% of its expected revenues of 20 million Reais in 2012 to come from its in-

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stitute of Technology (MIT) in the United States to take part in one of the institute's programs. The experience opened new horizons for the Brazilian and the partnership with

the MIT continues to this day.

During a four-month period every year, MBA and postgraduate students from MIT help Samba Tech plan and implement strategic

## STRATEGIES TO SEDUCE CONSUMERS

A **SIMPLE** tool to evaluate the results of a sales campaign carried out through the Internet was one of the first products Predicta created. However, this market has grown and become much more sophisticated very quickly. With the passing of time, the company gained the skills to create tools tracking the behavior of consumers navigating the web, including what leads them to make a purchase or, on the other hand, decide not to and to leave the site. Based on these observations, the company was able to identify the right strategy to persuade more consumers to make their purchase. One of Predicta's main specialties today is the field of behavioral targeting, i.e. the ability to get the right target based on the observation of users' surfing and consumption habits.

As the market has become more mature, Predicta has ended up specializing in three areas

of activity: technology, operations (managing online advertising services) and consultancy services. The technology unit is headed by Phillip Klien and controls the company's two blockbuster tools: Site Apps and BtBuckets. The first allows people with little knowledge of web programming to add a series of resources to sites. With Site Apps, a small or mid-sized company does not need to hire a specialist to make changes to its site. BtBuckets handles the behavioral segmentation. The main international clients using the tool include Terra, an Internet services and content company of the Spanish group Telefonica (BtBuckets is used in the Terra Brasil portal and in the other 16 Latin American countries where the brand is present, as well as in the US), the Argentinean media group Clarín and the readwriteweb.com technology blog.

ternational operations. It is already considering opening an office in Miami to run its continental operations.

Boo-box is cultivating its more than 50 international partners in countries as far apart as the US, France, Sweden, Israel, China and the United Arab Emirates, says its founder Marco. At the same time, it created a holding company in December 2011 in partnership with an Argentinean technology company called Popego. To expand the operations in the Latin America market, the Brazilian company hired 15 employees to work in the Argentinean office in Buenos Aires. Its head office in São Paulo has a team of 60 people.

The expansion of these companies and their first steps abroad have not gone unnoticed by investors. Samba Tech recently received an injection of resources from FIR Capital, a Brazilian venture capital fund which is a subsidiary of the American fund DFJ. Boo-box also had an investment from Monashees Capital in 2007 and received resources from Intel Capital in 2010. Predicta was approached in 2010 by foreign investors and capital funds which were interested in injecting money into the company to allow it to gain mass in Brazil but the partners decided they were not ready at that time for such a step forward and turned the offer down.

Last year Predicta eventually decided to look for an investor to help it grow abroad physically. It chose the multimedia communication group RBS from the south of Brazil which became a minority shareholders in December. (None of the parties involved would reveal the amount of the deal.) Predicta



Samba Tech's  
Gustavo: tools  
for virtual videos

has changed a lot since its beginning in a room measuring 30 m<sup>2</sup> in Rio de Janeiro. It now has 150 employees at its head office in the Vila Olímpia district of São Paulo where it is surrounded by large compa-



nies and advertising agencies. The company intends hiring around 10 people in the coming months to work in an office in San Francisco in California. Its strategy is to get closer to the world's biggest technology companies located in Silicon Valley. This will be the base for its global operations.

What these young Brazilian

entrepreneurs of the globalized digital world share in common is their daringness to enter this game — and the youth which, perhaps, explains why they are so daring. The Predicta partners are still not even 40. Caetano, the CEO of Samba Tech, is only 30 and, believe it or not, Marco, from boo-box, is not even 25 yet. Another point in common is the recog-

nition they have received. Samba Tech was referred to in an article in Time magazine and has received awards for innovation in China and the United States. Boo-box has also appeared on a list of the most innovative companies published by Forbes magazine and Fast Company. Predicta received the WebAnalytics international award in 2009 and also appears among the Best Companies to Work For publication of Exame magazine and the Great Place to Work Institute. For two consecutive years (2010 and 2011) it was the only Brazilian company invited to display its products at the Google I/O event in San Francisco, one of the most important technology exhibitions in the world.

The outlook from here on is optimistic in terms of the growth of digital media and online advertising and the confidence in their own ability is the fuel which drives these entrepreneurs to achieve even higher dreams. "Just as we wanted to create a company with revolutionary products, so we also wanted to create a revolutionary company," said Predicta's Marcelo. That is a good program for a world-beater.





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# Fashion technology

*Santa Catarina company uses knowledge of global market to innovate*

ARMANDO MENDES, FLORIANÓPOLIS

**A**round eight years ago, the senior management of Audaces (a company from Florianópolis, in Santa Catarina, which develops and exports technology applied to fashion) realized that the apparel

manufacturing industry was changing. The pace of creation of clothing collections was accelerating, which demanded greater speed and efficiency at both ends of the process: i.e. creators and producers. To meet this demand, the company launched Audaces Idea, a modular

package featuring five digital applications that links the stages of individual creation and industrial production. Created with the aim of integrating and accelerating the production chain, the program modules digitalize (on the computer screen) both the creation designs



DIVULGAÇÃO

Designs on Audaces screen: customized software to meet frenetic pace of fashion

pany (whose full name is Audaces Informática e Automação Industrial Ltda.) And he explains: it was the knowledge of the global market, to which the company already supplied specialized software since the end of the 1990s, which called their attention to shortening the interval between the clothing collections – from annual or semi-annual to quarterly, and then an almost constant renewal rate.

Due to the frequent launches, it became more difficult to maintain the business model that separated creation, in Europe and in the US (or in Brazil), from mass production, in Asia and in Eastern Europe. “If you have to wait three months for the ship to reach China, the opportunity is lost”, says Grando. “The trends, the novelty, the fashion launched in the soap opera need to be in the store in 15 days, and to do that you have to produce locally”. This was the motivation for the market incursion of Audaces Idea, which since then already has a social network version; Audaces

pany. “We always knew that a technology company cannot focus on one country alone”, he says, noting that exposure to the global market is a decisive quality test. “We have around 200 clients in Italy, a very difficult market with a long-standing fashion tradition”, he explains. “If we sell our apparel software in Italy, we will also be stronger in Brazil”. In addition to software, Audaces produces and exports machines for the fashion and apparel industry: large-scale printers for markers and fabrics, mould digitalization desks and automated fabric cutting machines – the latter are bona-fide robots costing R\$300-400,000 each, with a digitally controlled cutting head and a steel and aluminum body weighing 3.5 tons.

The digitalization of the processes, combining software and hardware, enables millimetric precision cutting and finding the best distributions of the markers in the clothing fabrics, to ensure the least possible waste – everything on industrial production scale. Currently, revenue from the company’s international operations (not revealed) is divided between 60% from software sales and 40% from the sale of machines. But until arriving at this well-defined stage of specialization, Audaces (born from the desire of young engineers to apply their technology to production) did a bit of everything.

The company was founded in 1992 by Grando and his partner Ricardo Cunha, who at that time had just graduated in Computing

## The company anticipated market needs as it was already a global player

and the subsequent stages of the process – from engineering the product to the technical specifications for manufacturing the clothes.

To understand that something like this was expected by the market, it was fundamental that the company already participated in the global game in its area. “This is a product that arose from the company’s presence outside of Brazil”, says Claudio Roberto Grando, the business director of the com-

Idea nasNuvens, mainly targeting students and stylists just getting started in the business. In addition to bringing part of the tools of the original product, the nasNuvens (in the clouds) version enables users to be part of their own social network, which already has 60,000 participants according to the company.

Grando believes Idea’s story shows that, in the technology business, it doesn’t make much sense to talk of an exclusively national com-



Science from the Federal University of Santa Catarina (UFSC). They did an internship in Mechanical Engineering and realized how difficult it was to put into practice what they learnt at university. “University involves lots of research and the creation of knowledge, but this often evaporates within the university walls”, says Grando. The company

manufacturing industry suffered from the subpar technical support of imported products.

It was also at this time that Audaces underwent a growth phase common to many technology companies – going from young start-up highly centered on technology to a fully developed company. By participating in programs of CERTI

our first ever business plan in 1997”, recalls Grando. In 2001, he says, they were already leaders in the Brazilian market of applications for the furniture industry, competing with the multinationals that dominated the market up to then (mainly French and American companies). Internationalization was an almost natural step, which started when



was born with the clear mission of creating projects for industry. In the start, it explored the full range of possibilities: it developed software for plate cutting in the furniture industry and to help shipping companies plan the transport of containers; it also created CAD/CAM programs (design and manufacture by computer) for metal-mechanic companies. It was only in 1996, at the request of sector businessmen, that Grando and Cunha started to apply their skills in software creation to usage by the long-standing, ultra-traditional apparel industry. At that time, nothing of the kind was done in Brazil and the apparel

(an incubator program of companies, linked to the Santa Catarina Federal University), the new businessmen felt the need to better define their work field and focus on sectors other than just engineering. “We had solid technology, but we needed to develop the business area”, summarizes Grando. Thereafter, they decided to prioritize the apparel sector and continue operating in the furniture industry. The other areas were abandoned.

Incubation in the CERTI program presented the partners with demands that had not previously been priority concerns – e.g. planning for Audaces’ growth. “We did

foreign distributors who attended sector trade fairs in Brazil started to take the company’s products abroad.

Then Audaces itself started taking part in international trade fairs – at the start, in Argentina and Colombia, before arriving in Spain, Germany, the US and China. Grando believes that coming from Brazil has its advantages and can favor a relatively unknown company in the global market: “It opens doors, it creates empathy”, he says. But that only applies to the initial conversations. Later, you have to show that Brazil develops innovative technology and does business with professionalism.

**1** Audaces HQ in Florianópolis: products and services to over 40 countries

**2** Grando: constantly updating to remain competitive abroad

Sometimes, says Grando, to convince potential clients of the quality offered to them, you have to bring the people to Brazil. In doing so, they can resolve their doubts by seeing close-up what is produced here and how it is produced – in the case of Audaces, in a simple building of modern architecture, lodged on the side of a hill on the

pany doesn't reveal). In 2 years, says Grando, they expect to double the percentage to 30% of the total. He recognizes the target is ambitious, but believes that the growth pillars are already in place; Audaces has buyers for its products and services in over 40 countries and part of the company's strategy is to step up its internationalization process. It still

Audaces has no plans to produce equipment abroad. But the company has and needs to have a global outlook, reaffirms Grando. "We look at the international market when it is time to research client demands



island of Florianópolis, with a broad view of the bay between the island and the continent (there is also a machines production unit at an industrial center on the other side of the bay, on the continent). Out of its almost 200 current employees, over half have a university degree. But the recruiting of qualified labor is a bottleneck that the company is trying to get round by investing in national and international partnerships with universities and training centers – in Brazil, it is a partner of Senai for the sector.

Today, exports account for around 15% of the global revenue of Audaces (which again the com-

pany has relatively few clients in China, for example. Renowned brands use its products and services in Brazil and abroad, says Grando: he cites Cavaleira, Rosa Chá, Marisol, Thais Gusmão and Erika Ikezili. Abroad, he says, outsourced manufacturers of the Spanish brand Zara (one of the parties responsible for accelerating clothing collection launches, cited at the start) are also its clients, along with the clothes used in soap operas of the Globo TV station, and even the TAM airline – the latter not just for cutting seat and carpet linings, but also to manipulate advanced aeronautical materials such as carbon and Kevlar fibers.

and needs", he explains. "We also work with adequate costs for this market, and we always need to have some differential in our products to make them internationally competitive". Another concern is continued updating. The company's flagship product is the Audaces Vestuário software, used in modeling clothes, grading the various sizes, and studying the most economic use of fabrics. In the effort to update this software, says Grando, the Audaces Vestuário program has already been re-written four times since its first version back in 1997. And that's how things will continue, for as long as clients and the markets keep asking.



# Going well beyond treaties

*The economic integration of Latin America is a job for society as a whole, not just governments*

CAIO SAKAGAMI AND FILIPE PELEPKA\*

**G**lobalization driven by the technical and scientific revolution at the end of last century has narrowed the distances between countries. Latin America has been no exception. However, it is difficult to believe that the region has not reached a higher level of integration, given its relative similarity in social, economic and cultural terms. There has been no shortage of initiatives to bring about the dream of an integrated Latin America since Bolívar and the liberators in the 19th century. These have included the Andean Pact (currently the Andean Community), the Mercosur free trade area and now the CELAC (Community of Latin America and Caribbean States). However, these all originated from Latin American governments and were “top to bottom” initiatives. At the same time, nothing has come of the idea that market forces on their own would provide the solution to the problems of inequality and imbalance in the region brought about by the globalization process. The view is now forming that the means of pushing this dream forward lies with the private sector taking the lead in a way that would also encourage governments and political leaders to promote integration. In terms of the financial sector, there is a clear gap between the financial industry and the speed at which the productive chains are being integrated in Latin America



today. This imbalance brings losses as it increases the transaction costs of companies that need to raise resources. No less important is the fact that jobs and income from the financial services end up being exported to global financial centers when the work could be done by countries within the region.

What can be done? A look at history suggests a starting point could be a Brazilian proposal for economic financial integration in Latin America. The European Union is certainly the most advanced model available to date although is undergoing a crisis at this moment. The EU originated in the 1940s and is based on a broad project covering political, economic and cultural areas as well as the idea of the free movement of people. Therefore, any

similar integration process for Latin America would need to be a long-term objective.

One of the organizations that has been thinking about this project of economic and financial integration in Latin America is BRAiN – Brasil Investimentos & Negócios. BRAiN is a private initiative that was founded in March 2010 and is based in São Paulo. Its aim is to make Brazil one of the main hubs of the new Latin American business network with the focus on the São Paulo-Rio de Janeiro axis. BRAiN believes Latin American integration at the beginning of the 21st century should be a “bottom up” process led by the private sector and followed by the public sector. This view that integration is actually taking place was confirmed when companies in the



region discovered that neighboring countries represented opportunities for growth. There are now at least 100 large multinational companies in the region - the “multilatinas” as they are known. Smaller companies are joining the process in an initiative involving the private sector and

similar European initiative.

In the context of the capital markets, it proposes a regulatory integration with a high level of supervision. The benchmark in this case is the Novo Mercado segment of the BM&FBOVESPA where the highest regulatory standards that represent

should involve improving regulations, bureaucracy and cross-border trade procedures. The barriers preventing investments by Latin American corporations within the region’s countries should be dismantled. Latin America integration will bring greater liquidity and facility in transactions for companies in the financial sector. It will also mean they can gain business that previously went to London and New York. At the same time, as the interchange between companies increases, there will also be a greater demand for financial services in the region. Latin American economic and financial integration will allow the “multilatinas” to maintain services related to transactions within Latin America itself and lower the cost of funding. These companies will become stronger and more competitive in the global front.

What about the public sector? It is obviously of interest of the governments in the region to strengthen the Latin American financial system, with a new regulatory standard and, in turn, greater transparency in business. At the same time, Latin American financial integration has the potential to increase the region’s economic strength, create jobs and promote a better distribution of income. As a result, the state will gain by having a strong ally in the private sector in the successful pursuit of public policies that promote development and well being.



HANDOUT

not only governments.

How should this economic and financial integration of the region come about? Two areas can be highlighted in the BRAiN studies: the financial and operational. The financial area is focused on three main points: the private debt market (debentures), investment funds and capital markets. A greater integration of the debentures segment will facilitate the trading of companies’ private debt among the Latin American countries as well as increasing the secondary market. In terms of funds, the proposal includes the possibility of managers acquiring fund quotas from a number of countries in the region. This would give them access to securities they did not hold before, thereby creating a kind of “Latin American passport” like a

the best from each country should be upheld by companies that wanted free entrance to an integrated Latin America stock market. It is worth noting that the decision of the companies and investors is voluntary and there is no need to lower any regulatory level but only sign up to the regulations. The second dimension of the proposal is the operational integration between companies, particularly the “multilatinas”, which

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# The lifeguards of the Constitution

*A government of technocrats is trying to cope with Berlusconi's messy legacy and keep the economy afloat with an eye on the elections in 2013*

ACHILLE BONTÀ (\*)

From the outside, Italy seems to have escaped from the miserable state it was in under the era of Silvio Berlusconi. For a period of 10 years, key government positions were filled with people chosen solely on how loyal they were to the “capo”, with a parliament of members chosen from closed lists, tailor-made laws passed to free “il Cavaliere” from the legal consequences of the cases in which he was accused of serious crimes. Italy's social and cultural atmosphere also perfectly reflected the former prime minister's style and amoral approach: his vulgar language, with a large part of the media at his beck and call, political debates under Berlusconi's state-controlled television transformed into a circus, and the news censored or controlled to tone down the head of government's sexual scandals.

From close up, Italy's situation looks even worse. After its minuscule growth of 0.4% in 2011, the country which was once a leader in innovation and knowledge production, fashion and design, services and manufacturing industry is bogged down in a full-blown recession. The economy is expected to shrink by 1.3% in 2012, according to estima-

tes by the European Union. Over the last four years, Italy has slipped in the ranking of global industrial production from fifth to seventh place.

Although Italy is in a very different position from bankrupt Greece and does not face the tragedy of Spain's mass unemployment, it still confronts a dramatic situation in terms of employment and its economic fundamentals. Unemployment rose to 9.3% in 2012 (an annual increase of 1.2%). Among young people aged from 15 to 24, 32.9% are jobless (an

## Italy's public debt comes to two trillion euros or 120% of GDP

annual increase of 4.1%). With its economic and financial credibility weakened — public debt amounts to two trillion euros, equivalent to 120% of GDP, a record amount over the last 15 years — Italy also needs to pay higher interest rates to finance itself. Debt servicing will cost 95 billion euros in interest payments in 2012, almost 25% more than in 2011.



Against this depressing backdrop, it is hardly surprising that a survey held in March by the IPR Marketing institute showed that 47% of those entitled to vote (voting is not obligatory in Italy) do not know whether they will or have actually decided not to vote in the next elections.

Considering all this, the president, Giorgio Napolitano, should be given some credit for preventing Italy falling into an even deeper crisis. He has exercised his role as guardian of the Constitution with great dignity and brokered a truce between the main political forces, formed a cabinet of technocrats with no political bias which is capable of taking the rapid, unpopular decisions that are needed to rebalance the public accounts and avoid the worst, at least until the parlia-





Italians protest  
against public  
spending cuts

only be dismissed for a justifiable reason. If this is not the case then the employee can appeal against the dismissal and a judge makes the final decision.

On one side of the barricades, the hyper-liberals — industrial confederations, center-right parties and the Monti government — want to give companies complete freedom to fire workers and end the possibility of a judge being able to order the rehiring of any worker who loses his job without justification. On the other hand, the center-left parties and labor union confederations, which regard stable employment as a symbol of workers' dignity, are threatening to defend it by holding a general strike that could split the country and have unforeseen consequences.

At the end of the day, the argument over article 18 — i.e. job security — will actually have little effect on labor relations. First of all, the principle does not apply to public employees but only to companies with more than 15 workers. The most disputed real change is the one that would allow a worker to be fired for "economic reasons" and remove the right to a legal appeal against the decision. There is an obvious symbolic nature to this dispute. However, in a country like Italy, a prime minister who heads a cabinet of technocrats, with no roots in politics, cannot imagine he can make such radical, decisive reforms as though he was raising his personal standard or tackling an intellectual challenge.

mentary election scheduled for 2013. The new prime minister, Mario Monti, is an economist who graduated from Yale and is respected internationally. He is a former European Union commissioner and rector of the Luigi Bocconi University of Milan. He has begun his most urgent homework: reforming the social security system, overseeing a fiscal adjustment and combating tax evasion, including launching a highly publicized blitz against those displaying their wealth in luxury spots. When he started this task, Monti's main aim was to get the public accounts in order. He went about it by banging his fist on the table and using his charisma and personal prestige to recover the confidence of the market and Italy's international credibility which had been trampled in the mud by Berlusconi.

There are encouraging signs on the horizon. Monti was publicly

praised by president Barack Obama at the Seoul summit and the difference between the spread paid for German and Italian bonds has narrowed. However, the second part of the government's program which is aimed at boosting the economy is beginning to slow. The program to deregulate business and professional activities — called liberalization in Italy — has been blunted by powerful parliamentary lobbies, including banks, the pharmaceutical industry and taxi drivers. Labor reform has become bogged down in a big ideological row over the famous article 18 of the labor law which states that an employee in Italy can

\* *Achille Bontà is a journalist, businessman and sailor*



He cannot offer himself as a kind of Moses arriving from some unknown extra-terrestrial world to lead the Italian people to the promised land of a free market and unregulated economy (for the strongest).

Reforms like this, which were won at a high cost, would reduce workers' rights to almost zero (for example, older employees could lose their jobs without any safety parachute until they reach retirement age which has been put off until 67) and cannot work in a country with such broadly based democratic institutions and political awareness as Italy. As usual, some compromise will be reached but the twisting and turning of this government of technocrats shows that the Italian crisis, previously an economic one brought about by the Berlusconi legacy, is political. Only a government with complete political legitimacy derived from a parliamentary majority that will emerge from the elections in 2013 will be able to face it fully.

The list of problems left after 10 years of Berlusconi — tax evasion, general corruption, untended public accounts, a crisis in the Judiciary — is shocking and affects every citizen. An Italian worker earned on average 23,406 euros in 2009, less than half his counterpart in Luxembourg (48,914 euros), much less than in Ireland (39,858) and even less than in Greece (29,160 euros). However, most Italians agree on one point at least. To get the country back on track, the solution is simple in theory and complex in fact: read and apply the Constitution.

The Italian Constitution resulted from a kind of unrepeatable miracle, i.e. the democratic consensus that exorcized the dramatic experience of fascism, the Second World War and the civil war in the immediate post-war period. It has resisted the

passage of time and reflects values which a large part of the population identify with. There is no doubt that it has lost some of its inspirational power, thanks to the overwhelming power of the parties, the interference of the Catholic Church in politics and authoritarian and pseudo-revolutionary tendencies. Similarly, the

## Applying the Constitution is the way to get the country back on track

republican independence came under greater pressure during the struggles for dominance by the superpowers in the Cold War and, even more important, the attempt by the political class to create laws in its own interests, often without the financial

responsibility stated in the Constitution. By keeping its their eyes only on its vested and electoral interests, the political class has assaulted the State budgetary process.

The first article of the Italian Constitution states: "Italy is a democratic republic, based on work". This is the path Italy should take to return to where it was until fairly recently.

Remember the founding principles of the Constitution — the central nature of work, equality for all under the law, the separation of the legislative and executive powers, independent judiciary and its mechanisms of external control, rejecting war, freedom of opinion and information, progressive taxation according to income, budgetary discipline through laws that foresee spending, freedom to establish businesses, equal opportunities for all

In practical terms, beside abandoning hyper-liberal illusions that have little to do with Italian tradition, the government still has to face up to reforming the public administration (where bureaucratic difficulties are often created and then ways round them sold to the citizen), invest in research and education, appreciate the country's immense historic and artistic wealth, and assume the role of facilitating a fair entrepreneurial system. This will not be easy or simple and it is perhaps too much to expect a technocratic government founded for a post-shipwreck transition period to deliver it. However, thanks to the beauty of democracy, there is hope for Italy: the polls will speak in 2013.



HANDOUT



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# Fun and art

*The NGO headed by a British anthropologist provides opportunities for sport, reading and leisure for needy children in Diadema, in Greater São Paulo*

ANA CAROLINA LOURENÇON DE ANDRADE



**T**he British anthropologist Jonathan L. Hannay, general secretary of the Support Association for Children at Risk (local acronym Acer), a non-governmental organization in Diadema, São Paulo, could adopt as his motto the lyrics of the Brazilian pop group, the Titãs: “We don’t just want food, we want food, fun and art”. The NGO looks after children and young people from around 190 families who have been exposed to domestic violence, abuse and social exploitation, crime, drugs and alcohol. It offers classes in sport, theater, leisure workshops, group studies and reading opportunities. However, it sticks to one basic rule: it does not provide food. “We don’t feed the children because that takes away one of their parents’ main roles,” says Jonathan. “At the same time, every pupil has the right to a full meal until the end of basic education as a government requirement and our role is to force it to do its job.”

Jonathan Hannay is 44 and comes from a prominent family in the

UK. He is the son of a senior diplomat who was made a lord by Queen Elizabeth II. (Jonathan was born in Brussels where his father was working for the European Commission.) He visited Brazil for the first time in 1989 and spent seven months travelling around and learning Portuguese. A few years later, hooked on the country he would

## Jonathan began working with children at the Pastoral do Menor project

come to know intimately, he decided to return and finish an Anthropology course he had begun in New York at São Paulo University (USP). At this time he became a volunteer worker for the Pastoral do Menor project - Ministry of the Young Person - of the Archdiocese of São Paulo in the Praça da Sé downtown region. “It was a night shelter for homeless children who slept in

the street,” he said. “Some nights I looked after 160 of them. I slept there, fed them and put dressings on them when necessary.”

After graduating, he went to Mozambique as a United Nations employee but wanted to return. “I took the decision there to go and live in Brazil,” he said. “I wanted to work with needy children. I felt it was a calling, a vocation.” On his return to São Paulo, Jonathan learned about Acer, an NGO founded in 1993 in Diadema by a Norwegian called Gregory Smith. In the 1990s, Diadema was one of the most violent

towns in the state and the NGO was set up to help child drug addicts who lived in the street. Acer set up a community center in partnership with the municipal and federal governments in which the children attended lessons in the Brazilian dance/sport activity known as capoeira, cooking and could study Afro-Brazilian culture. Some time later, the NGO split into two sepa-





MAX NOGUEIRA

rate parts and Jonathan became the general secretary of Acer.

The British consul in Brazil, John Doddrell, believes the young Englishman has played an important role in transforming Diadema from a less violent town, an effort that required joint initiatives with the municipal government, companies and the local community. "He gave hope to lots of young people who had no future," he said. Every year the consulate organizes a charity event to raise resources and sells lottery tickets as a source of income to help the organization meet its annual budget of one million Reais. Another contribution comes from the friends of Acer (Amigas da Acer) an association of women in the UK which raises funds. To pay the bills, the NGO also published two books on African culture financed by Brazil's Rouanet Act that allows companies to write off part of their taxes for cultural aims in which the copyright goes to the benefactors.

Jonathan wants to encourage people to read and set up a community library containing almost

2,000 books, some of which were donated by the government. He believes education is the starting point in helping these young people to find a purpose in life and include them in society. Acer has recently set up the Family Guardian project which is directed at children who have been taken out of the hands of their parents by the courts to pro-

## Acer set up a community center in partnership with the municipal government

tect them from ill treatment. The NGO is working to get other families to look after the children rather than putting them into publicly-run homes.

As well as helping around 5,000 children who have passed through Acer, Jonathan himself adopted five children whose parents lived in the street or in miserable conditions. Today only the youngest lives with

him, a seven-year-old. The oldest are now married and have their own families. One of these, Ubirani Santos Barboza, plays for the Internacional football team in Rio Grande do Sul state. Ubirani, who is 21, was the first of the adopted children. "I was living in the street with my mother," said Ubirani who took an electrician's course, learned

English and now has a profession. "Jonathan is my savior, my safe haven." Last year Jonathan was decorated by the Queen with the title of Member of the British Empire, granted for almost 20 years

working with children in need. "It was an unforgettable moment – a recognition by my own country of work I have carried out in another corner of the world," he added.

Jonathan  
with children:  
decorated by  
the Queen

# Globe-Trotter

Marco  
Rezende

EXECUTIVE TRAVEL

OLYMPIC GAMES 2012

## London! For Free!!!

THE LONDON OLYMPICS are fast approaching, and one of the obvious concerns from visitors is the high price of hotels and restaurants in the city, a traditional threat to any budget. But the saintly BBC has produced on its site a list of 20 attractions that are free of charge, which alone make a long stay in the British capital worthwhile.

The best museums are free of charge – including the magnificent and impressive National Gallery, in Trafalgar Square, with its Rembrandts, Michelangelos, Da Vincis, Van Goghs and Renoirs. Films are shown

in four cinemas on an intense schedule, for which entry is charged, but DVDs can be obtained, and watched there free of charge. Another tip is a suggested visit to Borough Market, which for 700 years has been set up on the south bank of the Thames River (open from Thursday to Saturday), a haven for those interested in gastronomy, with an excellent breakfast, lunch, or takeaway picnic. The complete list can be found below:

[http://www.bbc.com/travel/feature/20110310-twenty-free-attractions-in-london.](http://www.bbc.com/travel/feature/20110310-twenty-free-attractions-in-london)





1

## EXECUTIVE CLASS

### Ready-made Bed

**AIRLINES IN** the Persian Gulf must have an excellent secret recipe: in the footsteps of the much awarded Emirates and Qatar Airways, the relatively new Oman Air – from the Sultanate Oman, created in 1994 – has achieved valuable recognition. Skytrax, the largest site for the evaluation of commercial aviation, awarded the company the prize for best seat in Executive Class – which is in fact a marvellous piece of technology that turns into a bed that is perfectly horizontal. Some 18.8 million passengers voted in the survey, from almost 100 nationalities. The company exploits a large number of Asian routes and has some in Africa, while in Europe, it flies the Elizabeth Arden route: Paris, Milan, London and Frankfurt. By the way, for geography fiends: the capital of Oman is Muscat.

HANDOUT

HERRY LAWFORD

## AIRPORTS

### Berlin calling

**ON THIS** coming June 3, in the German capital the new (and spectacular) Brandenburg International Berlin Airport is to be inaugurated (with the aviation acronym BER), with an initial capacity of 27 million passengers. BER will replace the current Berlin airports of Tegel and Schönefeld, becoming the hub for the companies that are part of “One World” association (which includes, Air Berlin, British Airways, Japan Airlines, LAN Chile, Cathay Pacific and American Airlines). Lufthansa will keep its hub in Frankfurt, but will be creating 30 new international direct flights from Berlin Brandenburg. Unfortunately, neither São Paulo, nor Rio are on the list (so for the moment, we will have to wait).

**1** National Gallery, in London: an impressive collection

**2** Executive of Oman Air: the best seat in the skies



2





1

## TECNOLOGY

### Paperless embarkation

**WHILE NO** one expects an end to paper passports in the near future, the trend is for cellphones to combine everything else with respect to air travel, even international. To begin with, there is the researching of prices, reservations and ticket purchases – which is already common. Now, thanks to a technology called NFC (near field communication) added in the form of a second chip to the cellphone – already being tested at Orly airport in Paris – passengers can arrive at their seats on the plane without having had personal contact with anyone. The personal information of passengers and their baggage is stored on a personalised chip and transmitted at each stage of the embarkation process, by putting the

cellphone in front of a scanner. The system even works with the phone turned off, and without the need for an internet connection, from passenger check-in and baggage handover, to security control and access to the airline's waiting lounge and the aeroplane itself.



## HOTELS

### Direct Reservations

**SEVEN OF** the 10 largest hotel groups in the world – Hilton, Hyatt, IHG, Choice Hotels, Marriott, Wyndham and Best Western – have combined to create RoomKey, a website for reservations and on-line information to compete with expedia.com, hotels.com and, among others, the new Hotel Finder, launched by Google. Accor, Carlson and Starwood have yet to join the site, but are not likely to take long in doing so: the declared objective of RoomKey is to return direct sales facilities to the consumer, without paying commissions to sales websites. This experience has already been started in the United States, and has global ambitions.

PICTURES: HANDOUT

## GASTRONOMY

### New York, New York

**THE ADDRESS** is halfway around Columbus Circle, in front of Central Park, beside the Lincoln Center, close to the major stores and best hotels in the city. The name is somewhat weird (as is almost always the case with restaurants inspired by Italian food created by non-Italians) – *Per Se* –, but it is the right place for a formidable gastronomic experience in New York, whether to impress a business colleague, or to please your dining partner. The chef Thomas Keller is the only American to receive three stars in the Guide Michelin for two restaurants (the much celebrated “The French Laundry” is also his, in the Napa Valley, close to São Francisco). One ought not to go to *Per Se* if keeping an eye on the bill is important, but it is possible to have an à la carte lunch for around 100 dollars. The great experience, however, is the “dégustation du chef”, with 12 creations that vary daily. One of his signatures, as he calls them, is the entrée “oysters and pearls”, which combines very fresh oysters with balls of tapioca and caviar. The complete menu cost 295 dollars without wine, but service is included. [www.persenys.com](http://www.persenys.com)



1

**1** *Per Se*, in Nova York: oysters, caviar and tapioca

**2** Moscow – Berlin – Paris on the Russian train: discreet comfort

2

## GREAT TRAIN

### Beyond the Trans-Siberian Railway

**[::] RUSSIAN** Railways in these times of Putin is a state-owned monopoly of countrywide rail transport, exactly as in Soviet times. Its most famous train up to now, popular with backpackers and adventure lovers, has been the Trans-Siberian Railway, running 9,289 kilometres from European Russia to the Asian coast, on the edge of the Sea of Japan. The only drawback of the journey is that after more than six days of being shaken around all the way from Moscow, one arrives at the destination of Khabarovsk, an uninteresting industrial port and fortified garrison on the extreme east of the Country. The new marketing drive by the state-owned Russian company is in the West: it is the (improved) railway line that runs for 3,177 kilometres: Moscow – Berlin – Paris, a journey which at any stage is worth a stopover.

**[::] THE** Paris-Saint Lazare railway station, known as Gare Saint Lazare, was the first to be built in France (1837) and has just undergone refurbishment, returning it to its former historical and architectural glory and transforming it into an attraction in its own right. It is the second busiest train station in Europe, with suburban lines, lines to Versailles, Normandy and the Port of Le Havre, as well as the English Channel region.

**[::] BRAZIL IS THE ONLY** country of the original Brics (Brazil, Russia, India, China) which has neither atomic weapons (wonderful), nor passenger railway system (awful).



2





# Globe-Trotter

## EXPRESS TOURISM

### PARIS,

by Carlinhos Whately

**THE RANCHER**, coffee grower and industrialist Carlos Thomaz Whately – known by everyone as Carlinhos – went to Paris for the first time at the end of the 40s to study French, eyeing a career in the foreign embassy. He had such a good time that he abandoned the loot and Itamaraty (Brazilian Foreign Office) red tape, to become a producer and exporter of coffee and the *pupunha* variety of heart of palm (which he processes into soups at his ranch). At the age of 82, he remains a major presence in the city, where he divides his time between business ventures, gastronomy, exhausting strolls and cultural programs – museums, concerts, theaters. His tips for those with time on their hands in Paris after a business trip reflect his taste and style for exploring the city, visited last year by over 500,000 Brazilians (45% of whom were first-timers).



2  
PARIS TOURIST OFFICE







PARIS TOURIST OFFICE - PHOTOGRAPHER : DAVID LEFRANC - ARCHITECT : IEOH MING PEI

**1** Louvre Pyramid: modern Paris icon

**2** Parc Monceau: a hidden gem

**3** Nissim de Camondo: decorative furniture and art from the 17th century



PARIS TOURIST OFFICE

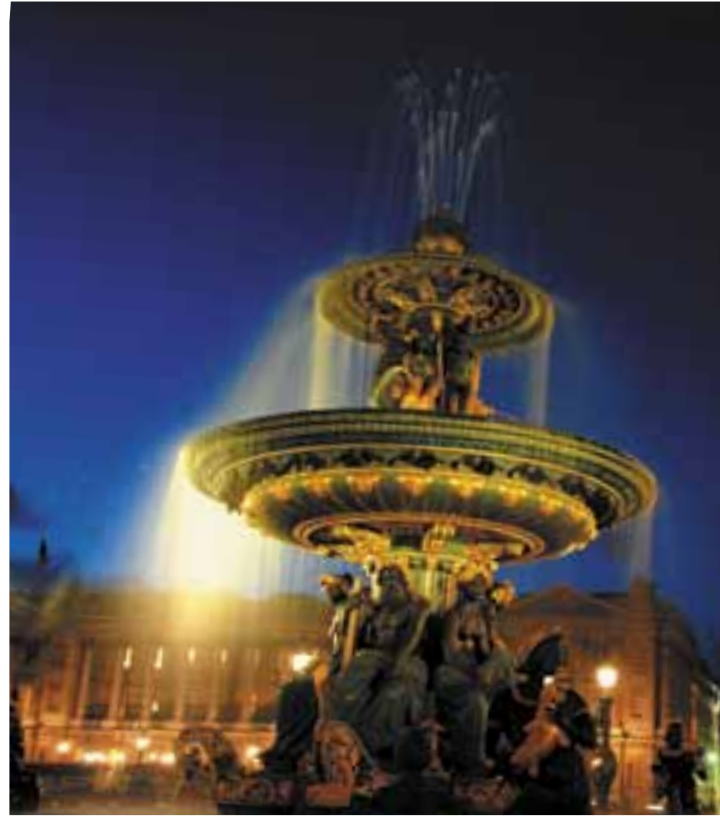
## If you have a few hours...

**I WOULD** spend the little time available visiting a Paris gem, Monceau Park, stunning and relatively unheard of. After a stroll, visit the Cernuschi Museum, on the park river banks, a beautiful “*hotel particulier*” that the Cernuschi family gave to the city together with its impressive Asian art collection. Furniture, porcelain and 18<sup>th</sup> century object lovers can visit the neighboring Nissim de Camondo Museum, another sumptuous mansion donated to the city. To lunch there, you have two great options: bistro L’Entredgeu, at 83 rue Laugier, and Caves Petrissans, 30bis, Avenue Niel. Best making a reservation at both...



## If you have the entire day ...

**TO GET** a general idea of the city, I recommend getting a taxi (the good hotels offer this service). The itinerary of the visit will depend on the starting point, and you must see Place Vendôme, Place de Vosges (in the district of Marais), the Saint Louis and de la Cité Isles, with a stopover to see Notre Dame from the inside. Then, Place de la Concorde (where heads literally rolled during the French Revolution) and the Champs Elysées Avenue to the Arc de Triumfe. Don't miss the Saint Louis Church, in Invalides, where Napoleon is buried. Visit the Eiffel Tower, but you can only go up if you buy a ticket first on the Internet (the queues are insane). Your cab driver will recommend the best route. To lunch in the heart of the city I recommend Le Bistro Paul Bert, in the tiny yet beautiful Place Dauphine, almost on the Isle de la Cité; if you want to have a quick lunch, there are some cafes in Place Dauphine itself.



2

2005 DAVID MONNIAUX





1

## If you have the entire weekend ...

**ASSUMING THE** weekend starts with dinner on Friday night, I suggest choosing from five great bistros in different parts of Paris: Les Fables de la Fontaine (fish) at 13 Rue St.Dominique; L'Evasion, 7, Place Saint Augustin; Josephine (*chez Dumonet*), 117, Rue du Cherche Midi; Café des Musées, 49, Rue de Turenne; and our good old friend Bistro Paul, at Place Dauphine. As always in Paris, your best bet is to reserve a table (phone numbers available on internet).

**ON SATURDAY**, start the day visiting Place de la Concorde and Jardin des Tuilleries, before then moving onto the Louvre. After that, take a break for a quick meal at Café Marly, in the external section of the Louvre, right in front of the I. M. Pei pyramid. For the second half of your day, Darwin's strongest can walk along the right side of the Seine River, visiting the newspaper stands of *bouquinistes* (sellers of books and engravings) right down the river up to the d'Arcole bridge linking Place de Hotel de Ville (city hall) to de la Cité Island (visit Notre Dame, of course).

**YOU CAN** round off your day by going to a concert at the stunning Sainte Chapelle (consecrated in 1248) or, on the left side but nearby, at the beautiful Saint Julien-le-Pauvre Catholic church of Greek-Malachite rituals (also from the 13<sup>th</sup> century). The concerts take place frequently in the week, start early (7 or 8pm) and are very informal. The Pariscope magazine, published every Wednesday, offers a complete guide of shows, theater, cinema and music in Paris. Dinner can be had in the same area, at the Le Reminet bistro (3, Rue de Grands Degrées) or, for fans of pig tripe, liver bits and other offal such as the signatory dish, at the Ribouldingue bistro (10, Rue Saint Julien-le-Pauvre).

**EARLY SUNDAY MORNING**, take a walk through the Jardin du Luxembourg gardens and then visit the Saint Medard church, at the end of Rue Mouffetard. The church is beautiful, definitely worth seeing, but the best part takes place in front of the church on Sundays. A small orchestra, with an accordion and guitar, maestro-ed by a delightful Parisian called Christian, play old French songs. The audience is given copies of the words and sings along and dances to the rhythm of Christian Bassoul's accordion. The show starts at around 11am and continues until 2pm. Then I suggest going up Rue Mouffetard, which is very lively, all the way to Rue Descartes, where at number 8 you will find the little Christophe bistro...a great place! After lunch, why not walk through the district, which is one of the oldest and most picturesque in Paris. There you will find the Pantheon (where famous Frenchmen and women are buried), the Sorbonne and the ruins of the medieval Cluny abbey. Addendum: during Christian's and the orchestra's show, if you want, you can mention my name as he is a really big friend of mine. Thanks.

**1** Place de la Concorde: from the time of guillotines

**2** Cafe des Musées: Friday night dinner

**3** Jardin des Tuilleries: Saturday morning stroll

**4** Rue Mouffetard: animated and musical



3  
HANDOUT



4  
PARIS TOURIST OFFICE - PHOTOGRAPHER: DAVID LERANÇ



## Two-way technology

EDGAR ALEXANDRE\*

**I STARTED** coming to the US in the early 1980s and ended up moving there at the end of that decade. I was living in Brasília and had a computer business. The availability of electronic devices and gadgets in the US was unbelievable for anyone from the electronics area. I felt like a kid in a candy store.

My life took a turning and in 1990 I began to realize a childhood passion for planes when I went to work for Embraer in Fort Lauderdale, Florida. I was a flight simulator technician for the Brasília model - a 30-seater plane that was used widely in the US. I have worked in all areas in the 23 years since then — product support, logistics, production, purchasing, marketing, information technology. I have always worked here and watched Embraer grow.

The company arrived in the US in 1979. When we planned our expansion, we found the “Space Coast” neighborhood — the region around the Cape Canaveral rocket launching center — to have an unbeatable combination of a business-friendly environment, a skilled labor force and a good quality of life. We began an assembly line for the Phenom 100 business jet in the town of Melbourne in February 2011.

One of the attractions here was the skilled labor force that was available, particularly after the cancellation of the space shuttle program. Our challenge was to convert the space mindset of these people into one focused on making planes. To do so, we decided that these highly

educated, high-tech people needed experience in a production environment. However, to make them part of the family, we needed to help them get to know our culture. We took the plane assembly group — some of whom had never been out of the local county — from Melbourne to Brazil to train them for two months and, at the same time, introduce them to Brazilian culture and Embraer’s corporate culture.

Brazilians have seen how Embraer has expanded over 43 years and grown into the world’s third-largest plane maker. The Melbourne team already knew us as a high-tech company with advanced production processes but seeing and experiencing how we did this in Brazil was something else. They learned much more than just how to make planes. They learned how to be creative getting the job done and what we call the “jeitinho” — the Brazilian way of getting things done, regar-

dless of obstacles. Their visit also gave them the big picture of Brazil and Embraer; that we are present on all continents and are

respected not only as a business jets manufacturer but also in the commercial and military aviation areas.

It is a great pleasure for someone like me who began my professional life bringing technology from the US to Brazil to reverse this process and present our best technology to colleagues who are working in a Brazilian plant

in America. The visit also helped them appreciate how advanced our American plant is. Melbourne is Embraer’s first “paperless” line, a leaner, faster process designed to make the employee’s life easier. Getting to know their Brazilian colleagues, their families and the company also helped them feel how much we love Embraer. What was just a job turned into a passion — a passion that is very familiar for every one of Embraer’s Brazilian employees, including myself.



PERSONAL COLLECTION

\*

*Edgar Alexandre, 52, is from São Paulo and has three children. He is the manager of the Embraer’s business jet program in Florida. He loves the beach, soccer and music.*

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