



BRAZILIAN COMPANIES GO INTERNATIONAL

■ **TROPICAL AGRICULTURE**

Cotton and soybeans, from Mato Grosso to the Sudan

■ **GLOBALIZATION**

When producing abroad can turn into a problem

■ **FINE COCOA**

Producers from Bahia get back on the road again

A LONG WAY

**BRAZILIAN MULTINATIONALS
HAVE WAKENED UP TO ENVIRONMENTAL
AND SOCIAL ISSUES.**

HOW DO THEY
BEHAVE
ABROAD?

YEAR V
NUMBER 18
MAY/JUN 2012



€ 5,00

R\$ 12,00

Contents

8 ANTENNA

- + Latam (LAN + TAM) is in the skies
- + Brazilian brands are conquering Latin America
- + Fina Estampa with Spanish accent
- + In Mato Grosso, beef with green seal...
- + ...and in Ceará, melon tracking
- + Ypióca is now British
- + Brazilian ATMs in India

20 BEACON • Melissa Casagrande provides shelters to natural disaster victims
SUZANA CAMARGO

48 INTERVIEW • Finep wants to support global expansion of tech companies, says Glauco Arbix
NELY CAIXETA AND ARMANDO MENDES

60 RANKINGS • JBS-Friboi is the most internationalized Brazilian company, according to Fundação Dom Cabral
ARMANDO MENDES

62 GLOBALIZATION • Companies producing abroad to supply the local market face criticism
LILIAN PRIMI

68 AUDIOVISUAL • Brazilian producer Cinevídeo gains space in emerging African television market
GUSTAVO MARCONDES

82 IN TRANSIT • Businessman Fabiano Carvalho (São José dos Campos) gives tips on how to negotiate in China

36 COVER

What are Brazilian transnational companies doing for the environment in their international operations?
ARNALDO COMIN



HANDOUT



52 AFRICA

Mato Grosso producer takes corn, soy and cotton growing technology to the Sudan
POLYANNA ROCHA



HANDOUT

24 AGRIBUSINESS

Fine cocoa exports are driving a rebound in cocoa production in Bahia

SUZANA CAMARGO



ROMULO FIALDINI

74 EXECUTIVE TRAVEL

Paris, the business city, a villa in Trancoso and prestigious São Paulo restaurants

MARCO REZENDE



HANDOUT



HANDOUT

78 EXPRESS TOURISM

Brazil's Leonardo Pinheiro recommends strolls and markets of Doha (capital of Qatar)

The good, here and abroad

Judging by first impressions, the Rio + 20 international conference produced more noise than results. But for us at **PIB**, it was still enough to spawn one of our most interesting cover stories, which we present in this edition: what are Brazilian transnational companies doing, in terms of environmental and social sustainability, in their global ventures? The answers to this question were sought out by the reporter Arnaldo Comin, and his article, starting on page 36, gives us reasons to believe that the question of sustainability is being taken increasingly seriously by Brazilian companies with a global presence.

These companies are also looking increasingly further abroad, as shown by the report by Polyanna Rocha, a Brazilian journalist based in South Africa, on the agro-industrial producers from Mato Grosso who are planting cotton, soy, beans and corn in the Sudan — an African country faced with difficult political conflicts and major poverty. The results have been encouraging — the African savannah lands seem apt for large-scale agriculture and high technology practiced by these rural businessmen, mainly from the South, in the cerrado region of Brazil's Highlands. After moving from the Midwest to the North of Brazil, they are now crossing the Atlantic and heading towards Africa.

Another report looks at Brazilian agriculture from another angle: that of small-scale, high-value products winning over consumers abroad due to their exceptional quality. This is the case of fine cocoa, the raw material used to make top-notch chocolates. Cocoa growers from Bahia are planting these varieties to escape the curse of *crinipellis perniciosa*, the plague devastating cocoa trees — also with good results, as the reporter Suzana Camargo shows. And for travelers with some free time on their hands in Doha, the capital of Qatar, we provide an informative guide to the city's attractions, written by a Brazilian who has been living there for many years. Enjoy the magazine and bon voyage!

Nely Caixeta



**TOTUM
EXCELÊNCIA EDITORIAL**



**PIB
BRAZILIAN COMPANIES GO
INTERNATIONAL**

A TWO-MONTHLY MAGAZINE FOCUSING ON
INTERNATIONAL BUSINESS AND ECONOMICS

PUBLISHER

Nely Caixeta • nely@revistapib.com.br

EDITORS

Armando Mendes and Marco Antonio Rezende

CONTRIBUTORS TO THIS EDITION

Arnaldo Comin, Fabiano Carvalho, José Ruy Gandra,
Lilian Primi, Suzana Camargo, Luís Gustavo Viana,
Brasília, Polyanna Rocha, Cidade do Cabo

PHOTOGRAPHER:

Bia Parreiras

DESIGNER

Renato Dantas and Ana Paula Dantas

COPYDESK AND PREPARATION

Mary Ferrarini

TRANSLATION

John Fitzpatrick; Kevin John Wall

ADVERTISING

INTERNATIONAL AND BRAZIL
(55-11) 3097.0849

publicidade@revistapib.com.br

Av. Brigadeiro Faria Lima, 1903, cj. 33
Jardim Paulistano - 01452-911 - São Paulo - SP

Letra Mídia

Rua Teodoro Sampaio, 1020 - cj. 1302
CEP 05406-050 - Pinheiros - São Paulo - SP
F: 55 11 3062.5405 | 55 11 3853.0606

PRINTING

IBEP Gráfica Ltda

DISTRIBUTION IN BRAZIL

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

Where to buy past copies: direct from the publisher

ADMINISTRATIVE CONSULTANT

Luiz Fernando Canoa de Oliveira
adm@totumex.com.br

EDITORIAL CORRESPONDENCE

Av. Brigadeiro Faria Lima, 1903, cj. 33
CEP 01452-911 - São Paulo - SP
redacao@revistapib.com.br

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

LEGALLY RESPONSIBLE JOURNALIST

Nely Caixeta (MTb 11 409)
PIB - Brazilian Companies go International
is published by Totum Excelência Editorial
Av. Brigadeiro Faria Lima, 1903, cj. 33
CEP 01452-911 - São Paulo - SP
(55-11) 3097.0849 - contato@totumex.com.br

PRINT RUN FOR THIS EDITION

Portuguese - 20.000
English - 5.000

Letters

Dear editors,

I congratulate the **PIB** magazine for the article "Fun and Art", published in the previous edition. It is always important to divulge the work of serious institutions who help our children and teenagers and their families. I suggest that PIB publishes more articles on renowned NGOs and also on the Statute of the Child and the Teenager, which completed 22 years and is still misinterpreted or unknown.

PROPÉRCIO REZENDE

CEATS - CENTRO DE EMPREENDEDORISMO

SOCIAL E ADMINISTRAÇÃO EM TERCEIRO SETOR - SÃO PAULO - SP

I discovered the PIB magazine at an airport lounge in São Paulo. The diversity and importance of the subjects tackled by the magazine make it an enjoyable and enriching read. It is gratifying to discover what Brazilian companies are capable of doing in order to be successful abroad. With this "invasion" of Chinese products, Brazilian companies really must establish their presence to expand their operating areas and gain market share.

JULIANA SILVA CARVALHO

SALVADOR - BA

I have read each edition of the PIB magazine with great interest in order to remain up-to-date on new market trends and developments. Since I provide communication services to companies with businesses in various parts of the world, reading PIB is essential. In the last edition, the articles "Back to the game" and "At the click of a

mouse" accurately showed that, with a good dose of daring, the international market is also at the reach of small players: businessmen and companies alike. Encouraging!

ALICE LEITE

ALL GOOD COMUNICAÇÃO,

RELACIONAMENTO E CIA- SÃO PAULO - SP

WWW.ALLGOODCOMUNICACAO.COM.BR

I would like to congratulate you on the quality of the magazine. The content of the articles and the pleasant way they are written arouse the attention of readers interested in the business world. PIB has been able to maintain a very interesting focus on doing business abroad, which has major value for people who, like myself, enjoy this type of reading. It inspires us to open our own businesses via the successful examples it shows of Brazilians abroad.

BRUNO REBELLATO - SÃO PAULO - SP

I discovered the PIB magazine recently at an event. The disclosure of Brazilian actions to the international public was lacking a magazine such as PIB, full of interesting information and with an impeccable visual quality. I especially highlight two texts published in the 13th edition: "A cup of coffee against the cold", which recounts the experiences of a business venture created by two Brazilian women offering high-quality coffee in New York, and the article "Next destination, the European Union?" I congratulate the team for the creation of such a bold project.

CAROLINA NEGREIROS

JPC - INTERMEDIÇÃO DE NEGÓCIOS

SÃO PAULO - SP

PLEASE ADDRESS LETTERS AND E-MAIL TO: THE EDITOR, PIB - AVENIDA BRIGADEIRO FARIA LIMA, 1903, CJ 33
- SÃO PAULO, SP, 01452-911 - BRAZIL; CONTATO@REVISTAPIB.COM.BR

Latam: start of the hardest part

It's always worth remembering that the internationalization of an economy is a two-way street: it may mean the advance of Brazilian companies in foreign markets, but it could also represent the opposite movement, the entry of foreign investors in segments of the Brazilian market previously dominated by local companies.

One such case has just materialized at the close of this edition of PIB: the merger between the airlines LAN, from Chile, and TAM, from Brazil. Presented as a complex merger between equals, the operation took the form of a share swap that left the controlling stockholders of LAN (the Cueto family) at the head of the holding company created to administer

the two airlines (which continue to fly with their original colors and names).

Latam Airlines Group SA, the new company resulting from the merger, is the world's biggest airline in terms of market value, but only 11th in passengers transported. Pending decisions in terms of the future of Latam include the choice of a global alliance — today, LAN is part of the oneWorld group, led by American Airlines and British Airlines/Iberia, while TAM belongs to Star Alliance, led by United/Continental and Lufthansa.

For passengers, from July onwards some services will be functioning in common, such as the use of private lounges at airports and mutual recognition of the air mile rewards

accumulated by clients. The management teams of both companies are faced with the difficult job of bringing operational routes and corporate cultures into line — this process will be facilitated by the fact that only 3% of the flight routes of LAN and TAM overlap, which should reduce pressure to cut the number of flights.





TAM LINHAS AÉREAS/HANDOUT

TAM Airbus:
Chileans in
command

Science without borders

The British companies BG Brasil, from the oil and gas sector, and ARM, which designs semiconductors, have signed agreements with the Ministry of Science and Technology at Rio+20 to help train Brazilian workers. BG will invest US\$100mn in the Science without Borders program, to finance study grants of up to four years for PhD and interim PhD courses at teaching institutions abroad for Brazilian students and researchers in the area of oil and gas. The program has already distributed 1,233 grants in various fields of knowledge. The countries receiving the most financed students under the program are France (379), the US (266), Portugal (161) and Germany (100). England is in 19th position. Science without Borders should invest R\$3.2bn by 2015 in training. With ARM, the agreement involves supplying the Brazilian companies Positivo and CCE/Digibras with semiconductor architecture and technology to produce tablets. The two Brazilian companies won the tender, held in February 2011 by the Education Ministry, to buy 900,000 tablets for distribution to students from public schools.

Brazilian brands at the top of Latin America

Five of the top ten positions in the BrandZ ranking of the 50 most valued brands in Latin America are Brazilian. Petrobras is number one, with US\$10.5bn. In second place is Mexico's Telcel with US\$8.44bn and in third and fourth are two Brazilian banks: Bradesco (US\$6.69bn) and Itaú (US\$6.60bn). Despite stressing that there is still a long way to go, Valkiria Garré, director of the Millward Brown consultancy firm in Brazil, responsible for the ranking, says there is an interesting movement of brand value appreciation in the last two

years. "Natura and Skol, for example, didn't lose value even with the global crisis", she notes. The regional manager of Institutional Communication of Petrobras in São Paulo, Diego Pila, highlights that, with 59 years of operations, Petrobras is well recognized and structured. "Now our challenge is to compete with global brands", he says. This is the first edition of the ranking exclusively for Latin America. The study was based on interviews of over two million consumers at over 30 countries and analyzed over 50,000 brands.

THE 50 MOST VALUABLE BRANDS IN 2012

Ranking 2012	Category	Brand	Brand value in 2012 (US\$bn)
1	Energy	Petrobras (BR)	10,560
2	Communication Provider	Telcel (MX)	8,449
3	Financial Institution	Bradesco (BR)	6,690
4	Financial Institution	Itaú (BR)	6,606
5	Communication Provider	Comcel (CLB)	5,513
6	Retail	Falabela (CH)	5,263
7	Brewery	Corona (MX)	5,114
8	Brewery	Skol (BR)	4,698
9	Financial Institution	Banco do Brasil (BR)	4,574
10	Communication Provider	Claro (MX)	4,336



AGENCIA PETROBRAS/HANDOUT

Closer to Africa

At the end of May, the BNDES opened a US\$200mn credit line to finance Brazilian capital goods exports to African countries. The proceeds will be passed on to international branches of Bradesco — private partner in the

operation. Payments will be made to the exporter (in Brazil and after shipment) in cash (BRL). A few days later, at the Rio+20 conference, the BNDES approved two Memoranda of Understanding (MOU)

with related institutions in Africa to support Brazilian companies' operations in the region. The first MOU was with the African Development Bank (AfDB), and the second with the Development Bank of Ethiopia (DBE).





HANDOUT

1

Multi-lingual employees at Petrobras

Its growing participation in the international market and partnerships with foreign companies operating in Brazil has led the HR department of Petrobras to invest in language teaching for its employees. Six years ago, the company introduced an incentive program to part finance language courses, and is holding campaigns to encourage employees' participation. The accreditation process involves a specific assessment, with a methodology developed to select teaching programs best suited to the needs of each employee. The last institution to be accredited is Yázigi, which will offer English, Spanish and French courses. The language school expanded the program's benefits to include out-sourced workers, who will receive a 40% discount at the Botafogo school in Rio de Janeiro. In addition to Yázigi, Petrobras has partnerships with several language schools throughout Brazil.



Griselda will speak Spanish

The story of the do-it-all woman who became rich overnight by winning the lottery will receive a global version, in Spanish. The TV Globo station announced, via its US arm, a partnership with Telemundo Internacional – the second largest Spanish speaking TV station in the US – to coproduce a new version of the soap opera Fina Estampa, by Agnaldo Silva. This will be the second partnership of Globo with Telemundo, one of the global television content distribution giants with over 200 programming slots, including soap operas, specials, variety shows and reality shows aired in over 120 countries. The first coproduction of the two companies involved another soap opera, O Clone, sold in over 50 countries. Recording sessions, which start in July, will take place at Telemundo Studios in Miami.

1. Fina Estampa: to the Hispanic market in the US

2. Language classes at Petrobras: also for outsourced workers

2

Samurai guitar

Royal Music, a Brazilian company operating in the distribution market of musical instruments for 18 years, has just won for the fourth time the Zoom award in Musikmesse, the largest sector trade fair held in Frankfurt (Germany). Recognition as the world's largest distributor of the Zoom brand in 2011 comes at a moment of change at the company. "We have assembled a structure in Florida to help some South American countries import musical instruments of major international brands", says René Moura, the founder of Royal Music. Starting in 2013, this flow starts to invert. Moura plans to place Seizi guitars (of the renowned São Paulo guitar master Seizi Tagima) in the international market. Previously, the guitars produced in Brazil were limited to reproducing the most coveted models abroad. Seizi arose as a novelty, due to its design, whose forms are similar to the samurai sword. Andreas Kisser, from Sepultura, has played on the world's main stages using a Seizi, whose guitar arm features barbed wire.



HANDOUT



HANDOUT

Brazilian beef debuts with green livestock seal

Since June, the beef cattle raised at the São Marcelo farm, in Tangará da Serra, in the state of Mato Grosso (Brazil's central region), reaches consumers with the seal of Rainforest Alliance Certified (RAS), an international forest certification entity created in the US 25 years ago and represented in the country by the Institute of Forest and Agricultural Management and Certification (Imaflora). This means that the entire production process, from grazing to distribution at retail level, is tracked and certified in accordance with rigid socio-environmental criteria. The Marfrig Beef Group, for which the farm produces, thus becomes the world's first food industry from the animal protein sector to track its productive cycle. With the seal, Marfrig hopes to boost its exports by the Hilton Quota, formed by special cuts of good quality and more valued abroad.

The ton of "Carne Hilton" is priced between US\$12,000 and US\$14,000, while fresh beef costs around US\$8,900 per ton. Brazil is entitled to 10,000 tons per year of the global quota, which is limited to 65,250 tons, but always had difficulty meeting this quota. Up to 2010, it used only 4% of its quota share, missing out on around US\$82mn. In addition to enabling a greater share in the Hilton Quota, the seal obtained by Marfrig may also open up more selective markets, such as England, Germany, France, Holland and Italy. This certification is expected to encourage other links of the chain to improve the quality of production and working conditions: "This is a new and pioneering global movement establishing a higher level of thinking and conducting sustainable agribusiness", says James Cruden, CEO of Marfrig Beef.

- Antonio Carlos Santomauro

From the fields to the table

By year-end, anyone buying a Rei yellow melon can find out where it was grown, picked and packed and how it reached the consumer. Even if you are in Rome, Paris or Miami. With annual average growth of 30% in recent years, Itaeira, a company from Fortaleza that grows, packs and distributes six million boxes of melons a year, plans to increase security, guarantee the quality of its product, protect the brand and boost the exports affected last year by the FX rate. According to Adriana Ribeiro do Prado, head of international logistics, the company exported 50% of its annual production, currently at 6 million boxes. Last year, this fell to 20%. According to Adriana, the tracking system adopted by the company, GS1, enables the tracking of information of interest to the consumer, which she sees as a valuable tool to keep open the European market, ultrasensitive to quality variations and possible contamination. "We are protected against fraudulent claims, such as the presence of agro toxins in the fruit", says Adriana. Founded in 1985, Itaeira has been exporting the yellow Rei melon since 2001, currently to the US, Canada, Holland, Spain and Italy.





1 Melons
from
Itaueira:
tracked from
the origin

Brazil seduces Bonduelle

Considered one of the global leaders in producing ready-to-eat vegetables and legumes, the French agro-foods group Bonduelle is the latest conquest of the Brazilian market. Attracted not only by the increased purchasing power of Brazil's middle class, but also its proximity to other countries from the Mercosul, the company invested €15mn in the creation of its first canned corn and petit-pois (pea) plant in Latin America, located in Cristalina, a city close to Brasília. Due to the country's sub-tropical climate, the Brazilian version is the only one of the group with non-stop production potential, i.e. 50,000 tons of corn and petit-pois during the year. The other 41 industries in Europe only work four months per year. The general director of International Development of Bonduelle, Benoît Bonduelle, reveals that the group expects to achieve, in five years, 10% of the Brazilian market, to open a frozen foods plant in 2015 and to start exporting in 2018 to Mercosul neighbors via Brasil. "We expect to produce in Brazil 60 million cans of corn and petit-pois between 2012 and 2013 and 80 million between 2013 and 2014", he says. The company started operating in Brazil in 1994, when it opened an office in São Paulo and started distributing frozen vegetables imported from the parent company. Local production began in 1999, with canned heart of palm and frozen manioc. The company currently has 42 industrial facilities in 18 countries and annual revenue of €1.726bn.

- Andrea Flores, de Paris

Quickies

:: IN THE FIELD - Brazil has signed two protocols of intentions to establish technological and livestock research partnerships. The first with the European Block and the second with China. In the latter case, the cooperation includes joint actions at international forums, the WTO, FAO and Brics.

:: BRAZILIAN COFFEE 1 - Apex and the Brazilian Association of Specialty Coffees renewed in June the Brazilian Specialty and Sustainable Coffee Project for another two years, with investments estimated at R\$3.4mn. Initiated in 2008, the project raised coffee exports by 1.650%: from US\$8mn in 2008 to US\$132mn in 2011

:: BRAZILIAN COFFEE 2 - The Council of Brazilian Coffee Exporters (CeCafé) this year started to break down the different types of coffees in their monthly balance sheets. In the first four months of 2012, exports totaled 2.1 million sacks of coffee, generating revenue of US\$658.4mn. This represents 28% of total coffee exports and 24.5% of total shipments.

:: PRIZE - Inscriptions for the 4th Apex-Brasil – to Export is to Innovate Award last until 17 August. The prize will reward sector entities, companies and journalists excelling in the themes of exports and attracting productive investments to the country. Regulation and inscription at the site www.premioapexbrasil.com.br.

:: HAIR – An organic brush that straightens hairs without damaging them – QOD OrganiQ BKT System – attracted the attention of those attending the Premiere Orlando International Beauty Event, the main beauty event in the US. It is made by the Rio Grande do Sul company QOD Cosmetic, which has representative offices in 58 countries.

Ypioca, who would have thought it, is now owned by gringos

Foreigners who fall in love with caipirinha when they visit Brazil will now be able to produce the drink in their own countries more easily. Ypioca, a traditional cachaça in Brazil – and one of the most coveted and expensive outside of Brazil – now belongs to the British company Diageo, which paid 360 million Euros (almost R\$900 million) for the Ceará company that is leader in the national cachaça market in the premium segment.

Owner of brands the size of Johnnie Walker and Smirnoff, Diageo can boost the offshore presence of Ypióca, already exported to dozens of countries: “As happened with the Mexican tequila and Caribbean rum, we have major potential to internationally boost the cachaça category”, says the company’s press agency, in response to questions sent by PIB. In these segments singled out as parameters for future international expansion, Diageo – which posted global revenues of US\$16billion in 2011 – controls strong brands such as José Cuervo tequila and Captain Morgan rum.

With the acquisition, in addition to receiving its first own plant in Brasil (where it operated only with outsourced production), the multinational is also making a strong move in the promising market of Brazil’s emerging middle class, which now has a level of income enabling it to buy premium products – including the traditional cachaça. The Telles family, controller of Ypióca since its foundation 165 years ago by the Portuguese immigrant Dario Telles de Menezes, passed on to Diageo a distillery, a bottling plant, a distribution center and its entire portfolio of distillate brands. The group, based in the city of Fortaleza and today headed by Everardo Telles (from the fourth generation of the family), is left with a healthy net cash position and businesses in livestock, ethanol production, tourism and packaging





Foreigners discover Brazilian food

Thanks to promotion events by Embratur, foreign tourists are discovering what Brazilian plates feature, in addition to feijoada and caipirinha. And they like what they see. According to the International Tourist Demand survey, carried out by Fipec in 2010 at the request of Embratur, 95.5% of foreigners positively rated Brazilian cuisine. Since then, Embratur has been betting on divulging Brazil's rich culinary tradition to diversify the country's image abroad, still strongly associated with the sun, beach and soccer. The last initiative involved the renowned chef Alex Atala, who will receive foreign journalists at his restaurant, D.O.M., to sample the most sophisticated Brazilian gastronomy. Months earlier, Embratur took the chef Mara Alcamin (from Brasília) to Madrid to prepare a cocktail during Fitur (International Tourism Fair), one of the largest sector events in Europe. After that, it was the turn of the São Paulo chef Morena Leite to give a gastronomy class to journalists in Berlin at the Taste of Brazil event. "The initiative with Atala is the first in a series of press trips, where foreign journalists and opinion formers can enjoy experiences such as Brazilian music and gastronomy", says Flávio Dino, president of Embratur.

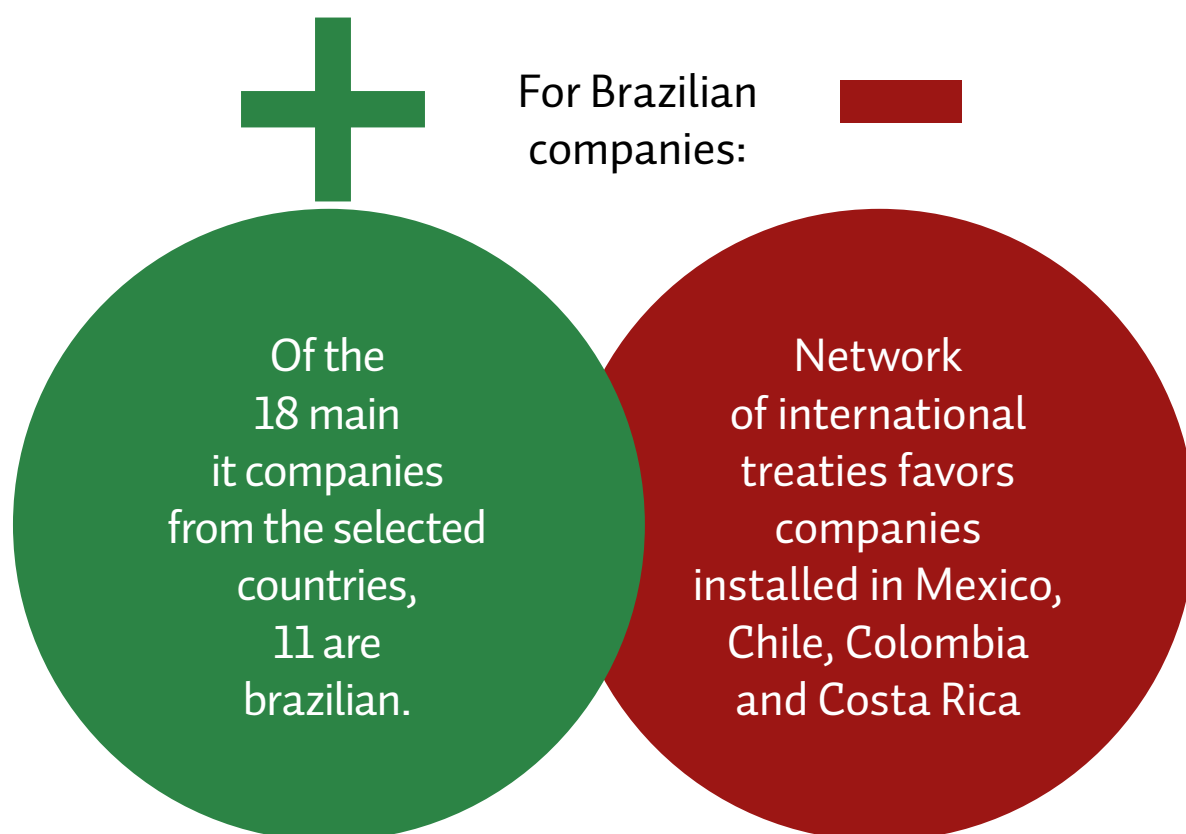
Morena Leite:
Brazilian
cooking class
in Berlin

In IT, the challenge from Mexico and Colombia

Brazil is the main IT market in Latin America, estimated at US\$23bn. It has the most sophisticated companies and a favorable business scenario, capable of boosting Brazilian exports of products and services, which totaled US\$9.6bn in 2011. The conclusion comes from an unprecedented study taken by the Brazilian Association of IT and Communication Companies (Brasscom) in partnership with Apex, and presented at the end of June in the 3rd edition of the National Meeting of International Trade. The study assessed and compared the business scenario in Brazil, Mexico, Argentina, Chile, Colombia and

Costa Rica. The expansion of exports is important, in the vision of the analysts, to bring equilibrium to the IT trade balance, which posted a deficit of R\$37.8bn in the same period.

The main competitors of Brazilian IT companies are Mexican and Colombian, which can dispute important sections of the US, Latin American and even Brazilian markets. One of the indicators of this risk in Colombia, for example, is the existence of a growing number of Colombians studying Portuguese. The companies from México, together with Costa Rica companies, have expanded most beyond their respective borders.



Cash machines for India

Perto, Brazilian producer of hardware and software for banking and commercial automation, will invest US\$60mn in constructing a production unit in Japur, capital of Rajastão, 250km from New Delhi, in India. The plant will have initial production capacity of 600-800 ATMs per month, the same volume of the Brazilian plant, and will serve the domestic market and neighboring countries. The project will get off the ground before the start of 2013 and the unit should start producing in two years. With a population 6x greater than Brazil, India has only 75,000 ATMs, versus 200,000 in Brazil. In 2011, Perto sold over 2,000 ATMs to the country. "India has a huge market and a low level of automated banking services", explains Perto CEO Thomas Elbling. Perto has been in the market for 24 years, employs around 1,400 people and exports to 25 countries.



Dignity kit

Dedicated to victims of natural disasters, the Shelter Box NGO brings together scouts from all over the world. With the help of Brazil's Melissa Casagrande.

SUZANA CAMARGO

Due to global warming, an unlikely geological coincidence or greater media coverage, today's natural disasters seem to proliferate at an alarming rate. Floods in Peru and the Fiji Islands. Flooding and landslides in Brazil. The tsunami on the Japanese coast. Earthquakes in Italy... Shelter Box, a British NGO, was present in all these places, bringing its own brand of relief to the communities affected by the tragedies. Not in the form of food and medication but instead a shelter box, the name behind the NGO – a green plastic box containing a kit with a tent capable of housing up to 10 people and all the equipment needed to provide shelter to the homeless for a longer post-disaster period, after they reorganize their lives. The Shelter Box NGO was created in 2000 by the Englishman Tom Henderson, an ex-officer of the British Royal Marine. During his military career, he realized that the help taken to disaster survivors came, in most cases, in

the form of food and medications to avoid a greater short-term tragedy. Very little attention was given to the days, weeks and even months after the catastrophe.

Shelter Box is formed by volunteers and scouts from all over the world. Note: the NGO currently features the lawyer Melissa Casagrande (from Curitiba), now living

Shelter was created by Tom Henderson, ex-officer of the British Royal Marines

in London. Having spent almost her entire life as a girl scout, she is the global coordinator of Shelter Box International's partnerships with scout associations.

The Shelter Box idea was Henderson's response to how aid was being provided. The product is a sturdy green plastic box. In addition to a customized tent, resistant

to extreme temperatures (high or low), the box also includes a portable fire, pans, dishes, air mattresses, blankets and tools (to reconstruct as much as possible). Children receive a kit with a colored pencil, pens and drawing blocks. To the extent possible, the aim is for these people to have a normal routine again and re-establish their family life. "The idea

of the organization is to provide shelter to these families and facilitate this difficult moment for those who have just lost everything in a disaster", says Melissa. "It is difficult to maintain family unity,

privacy and dignity in community shelters".

It was a hobby and academic education that led Melissa (33) to Shelter Box. With a degree in Law from the Federal University of Paraná, she obtained a PhD. in Humanitarian Law from the University of Montreal. In her six years living in Montreal, Melissa gave classes





DIVULGAÇÃO

MELISSA MARTINS CASA GRANDE



1 2

at the university and provided consultancy services to international tribunals. “I provided consultancy services on Sierra Leone and Cambodia, conflict regions where the legal limits aren’t so clear”.

As well as being a lawyer from the area, Melissa has always been involved in the world of boy/girl scouts. She joined the movement when she was 10. “I always participated in community services and volunteer work and, as a teenager, I made several international trips related to the World Organization of the Scout Movement (WOSM) and the entity’s partnerships with government organizations and the UN itself”, she says. “My parents always encouraged me to travel and discover new things, to get away from all things conventional”. Her passion when talking about Shelter Box is clear to see. At the NGO, Melissa (who still has a strong Curitiba regional accent) coordinates the work and partnerships with the scouts. “Shelter Box and scouts have a lot in common”, says Melissa. “The

shelters and box survival objects are items that scouts are very familiar with”. The work of scouts is to help assemble the tent and teach the victims how to use the other items.

Shelter Box’s HQ is in Cornwall and it has affiliates in 21 countries. On average, it helps natural disaster victims every two weeks. In the last

NGO helps the victims of, on average, two natural disasters per week

12 years, it has helped communities from 75 countries in 200 natural catastrophes. Many of them are the so-called forgotten disasters, those receiving scant media coverage but where people need help. Each shelter box costs approximately a thousand dollars and the organization depends exclusively on donations to perform its global humanitarian work. In financing a shelter box, the dona-

tor receives a number to track where his/her shelter box will be delivered.

As soon as a disaster occurs, response teams are activated (within 48 hours) to arrive at the place of the tragedy. In general, four or five people are part of this team, which oversees the work of volunteers and local scouts in delivering the shelters. “These people are all volunteers and many use their own vacation time to provide humanitarian help”, says Melissa. The volunteers are given specialized training and don’t receive a penny for their work.

In the last two years, Shelter Box has already been to Brazil four times. In 2010, it helped the homeless victims of the floods in

1 Shelter team at Campos dos Goytaguazes (RJ) floods **2** Melissa (from Curitiba): the Angel of the homeless



London
Gymkhana
and Peru
camp

Melissa mentions the tsunami in the Indian Ocean and the Haiti earthquake. In this latter disaster, the presence of Shelter lasted much longer than the usual two weeks or, at the most, a month. “It was one of the first times that the organization had a continued participation in a location. Shelter Box spent over a year in Haiti”, she says. This disaster was also the one that mobilized most people. And it was also one of the most effective. “What most touches the victims is to know that they are receiving help for free and that the equipment can be used for as long as necessary”. Although the aim of the shelter is to be a temporary home, used for 6-7 months, in some places the tents were used for a long period. In Afghanistan, for example, two years after the Shelter Box teams were there in 2001, families were still living in the organization’s tents.

Melissa has been living at her new home in England for a short while. She lives in a small basement apartment, knows little of the city but is constantly organizing events with scouts, such as the 2012 edition of the London Scavenger Hunt (London Gymkhana) to raise funds and make Shelter Box more visible. But she spends little time in London. Melissa travels a lot. Ever since she was young, she has been a global citizen. She laughs, but nods her head. “I like to travel, to meet people from all over the globe. I have friends all over the world”. This love of traveling is a vital ability in her chosen career. “In international law we always have to be adventurous, to leave our zone of comfort and visit new places in order to make a difference”.



Pernambuco and Alagoas, sending over a thousand boxes. At the start of 2011, the mobile shelters were sent to families from the mountain region of Rio de Janeiro. At the end of 2011, its help went to Rio do Sul, in Santa Catarina. Now, at the start of 2012, when coincidentally Melis-

sa Casagrande was in the country, the organization brought shelter to families affected by rainfall in the interior of Minas Gerais and Rio de Janeiro. “Speaking the local language always helps a lot”, she says.

Shelter Box was strongly present in massive recent disasters.



WE ARE 7 BILLION PASSENGERS
IN THE SAME AIRCRAFT.
Embraer. Designing airplanes
and a more sustainable future.

Embraer does not just design airplanes; it also designs a more sustainable future. For such, it continuously invests in processes, technologies and materials that help ensure the best environmental practices in its entire operation.

www.embraer.com


FOR THE JOURNEY



The renaissance of cocoa from Bahia

*Traditional producers
plant and export finer
varieties of the fruit to
fend off witches' broom
disease*

SUZANA CAMARGO



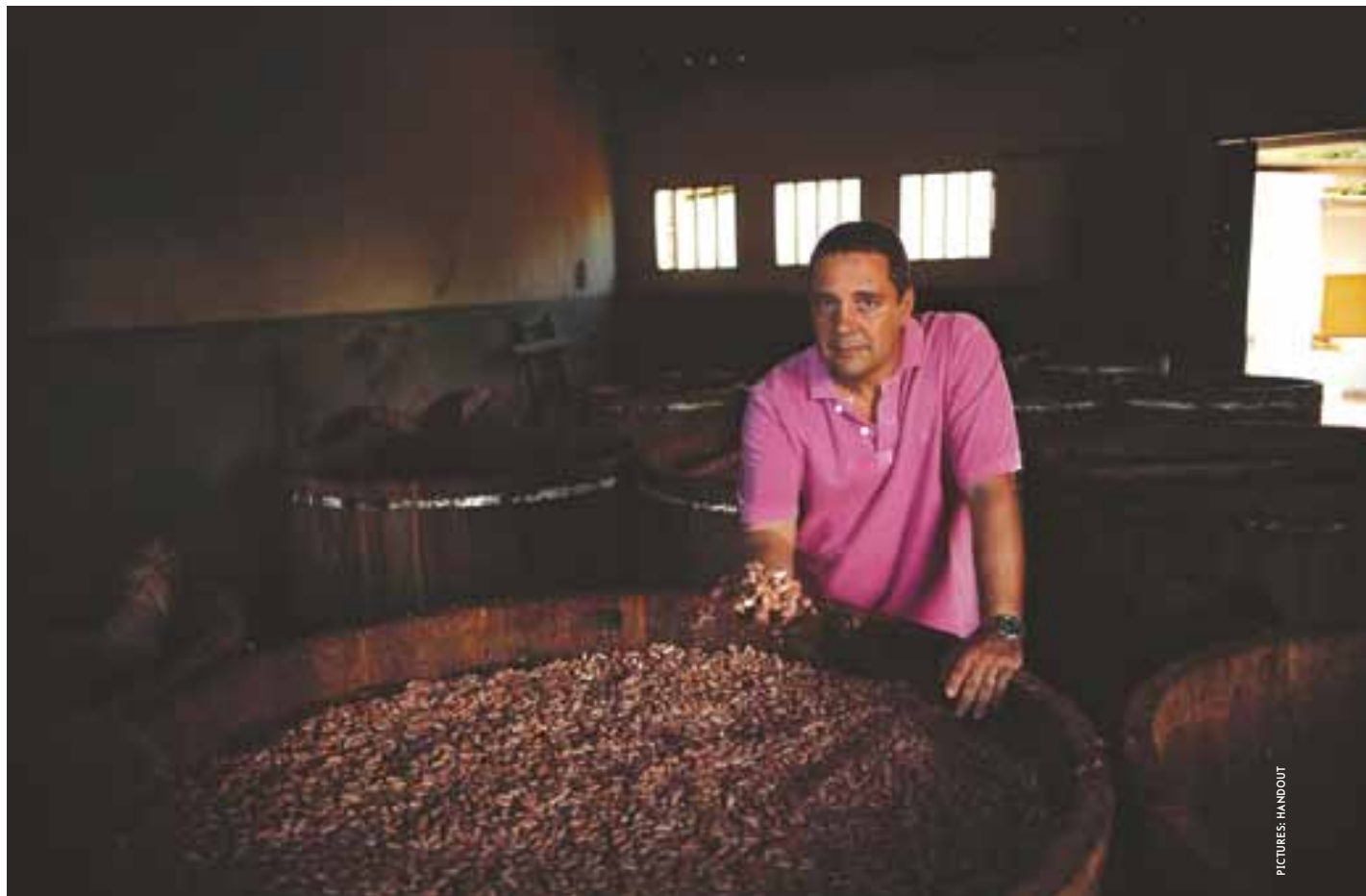
Fazenda
São Pedro
plantation in
southern Bahia:
premium fruits

In 2011, the Swiss group Nestlé's specialist coffee brand, Nespresso, offered its European clients a limited edition of special chocolates of extremely high quality. They were made with cocoa from Java (in Indonesia), Trinidad and Tobago, Madagascar, Tahiti and Brazil, and were created to accompany the Grand Cru, top line brand. The packaging of the Brésil chocolate announced that it had been made with perfect roasted cocoa beans from Bahia state. These perfect beans in the Nespresso chocolate came from the Fazenda Leolinda plantation in Uruçuca belonging to the Bahia cocoa producer João Tavares. His cocoa has twice won prizes at the Salon du Chocolat in Paris, the sector's most important show. Last year, Tavares won the International Cocoa Awards as the producer of the best beans from South America in the dry fruits category and the best in the cocoa chocolate category in 2010. "I am the only producer in the world who has won twice in cocoa competitions at the Salon du Chocolat in Paris," he says with pride.

Tavares produces a kind of fruit called fine cocoa which, thanks to its genetic make-up, commands a higher price, as does Criolo from Venezuela and Ecuador. Even in cases when it is less genetically valued, it still produces a bean of unquestionable quality through a

France, the UK, the US, South Korea, Australia, China and Kuwait. “I want to take the flavor of the Brazilian forests to the world,” says Badaró. Besides his own brand, the fine cocoa from the Badaró plantations provide the raw material used by famous chocolate masters, such

stable quality cocoa, with aromatic notes and a slight flowery touch,” he says. “The top quality Brazilian cocoa has been gaining room on the international market,” confirms Durval Libânio, president of the Cocoa Sector Chamber of the Cabruca Institute, a body that aims



PICTURES: HANDOUT

rigorous harvesting, selection and fermentation process. This is the case with the Bahia fruit. Like João Tavares, Diego Badaró is another producer from Bahia who has taken the Brazilian fine cocoa and the organic chocolate abroad (learn more about the different species of cocoa on page 30). His AMMA brand can be found in emporiums, cafés and specialist chocolate outlets in

as François Pralus. This French chef is a friend of Badaró and sells the Brésil chocolate bar, made with cocoa from his farm in Itacaré, in his boutiques in France and Tokyo. AMMA exported 60 tons of cocoa in 2010, a figure it expects to expand to 200 tons this year.

Pralus says that specialists have already noticed the improvement in the domestic grain. “Brazil has a

to improve the management and the production of cocoa. However, things have not always been so and this development is a resumption of a movement that has followed a devastating crisis in Brazilian production. Fine cocoa has been the driving force behind this comeback.

Brazil became the world’s second-largest producer of cocoa last century after losing its leadership to

1 João Tavares
from Leolinda:
perfect cocoa
beans

2 Seedlings at the
Fazenda Sagarana
farm: in the shade
of the trees

Ivory Coast. However, in 1989 a disease known as witches' broom devastated the cocoa plantations in Bahia and changed the outlook and the lives of the region's producers. The country which had been producing 400,000 tons annually in the middle of the 1980s is now harvesting just

national production. However, in recent years, demand has been expanding for fine cocoa which represents only 5% of the entire world crop.

What unites these producers from Bahia, such as Tavares and Badaró, who have begun to put

of their productivity, the family's plantations bagged 67,000 arrobas (a Brazilian weight equivalent to 15 kilos) of cocoa a year. That came to an end with the arrival of



2

over 240,000 tons. Nowadays, two thirds of world cocoa production occurs in West Africa. The Food and Agriculture Organization of the United Nations (FAO) says Ivory Coast alone is responsible for 44% of global production of the fruit. It produced 1.6 million tons in 2010. Brazil is currently only in fifth place in the ranking of producer countries. Bahia is responsible for 70% of the

Brazilian fine cocoa on the map, is a family tradition of planting the fruit and their decisions to invest in improvements, new techniques and sustainable handling. João Tavares is the third generation of a family of cocoa planters. His grandfather, a Portuguese immigrant, bought the first farm in 1913. Tavares' father, a civil engineer, acquired six additional properties. At the height

the witches' broom disease in 1989. "Today we produce a quarter of what we did in the past," he laments. "Our annual production is now 17,000 arrobas." Despite this, the disease also brought a change in the Tavares family's outlook and the ambitions. "When I took over the farm it was clear to me that we would never have a very high production in the traditional cocoa areas any more,"

João says. “We needed to invest in quality.”

In the middle of the crisis brought about by the witches’ broom disease, a Belgium businessman visited the region in search of fine cocoa. The price he offered was at least 25% higher than that for conventional cocoa. Tavares saw a chance to invest in this segment. He spent two years carrying out experiments with different methods of fermentation, drying and selecting fruits to meet the European demand. The result of this work ensured his first contact with an international client, the chocolate master Pierre Marcolini, who still buys beans from him. “He is one of the experts in the chocolate world and opened all the international doors,” said Tavares. Marcolini has boutiques in the UK, France, Japan and the United States, as well as Belgium.

Tavares currently looks after only one farm, Leolinda, which has 700 hectares, of which 340 is planted with cocoa. The other plantations belong to the family but fine cocoa is only planted in three of them - Fazenda São Pedro and Angélica which belong to his brother and mother, respectively. Tavares takes part in the whole production process from the harvesting to the bagging. The fruits are separated meticulously during harvesting. Any which are infected (whether by pests or rodents), damaged or green (still not mature) are discarded immediately. Tavares also created new techniques to improve the fermentation process. The large wooden barrels used for fermentation are cylindrical which guarantees a uniform temperature so that the seed and the pulp reach the ideal point in several days before they are put out to dry in the sun. “There can be no fine chocolate without high quality



1 Diego Badaró from the Fazenda Monte Alegre plantation: organic product

2 François Pralus chocolates: fine cocoa from Bahia

cocoa,” he says. The fine cocoa from Fazenda Leolinda is called Cocoa Gourmet.

Cocoa Gourmet has aromatic features from a number of fruits, such as banana, raisin, mango, passion fruit and pineapple. After the initial contract with Pierre Marcolini, other prestigious clients arrived: Nespresso in 2008 and, most recently, Harald, a Brazilian company with a strong international presence which launched a bar with the brand Origem Bahia - Fazenda João Tavares. Nespresso is now the main client for the cocoa produced at Fazenda Leolinda. “One hundred per cent of the Brazilian beans they use come from here,” he says. In order to become a supplier of the Swiss group, Tavares had to upgrade his standards to the sustainability requirements of the Nestlé Triple A program. This program involves making improvements in the social and environmental areas of the plantation in line with the Rainforest Alliance certification which confirms sustainable farming practices.

Fine cocoa prices can be 100% higher than conventional cocoa sold on commodity exchanges. However, the cost of production is 35% to 40% higher than the common fruit. “I make a profit of around 50% but I need to have production volume, as the investment in the machinery and technology is high,” says Tavares. He exports 2,000 to 2,500 arrobas of Cocoa Gourmet annually. The chairman of the Cocoa Sector Chamber, Durval Libânio, says investments in the production of fine cocoa are being carried out in ap-

proximately 50 properties in Bahia, not only by large producers but also by cooperatives. The French brand Valrhona, one of the leaders in the world fine chocolate market, is fol-

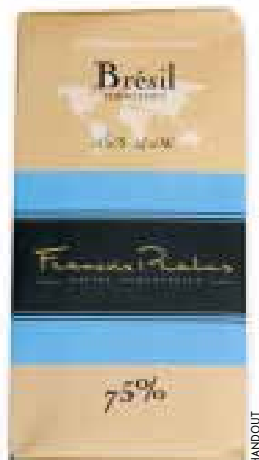
lowing Nespresso and buying cocoa beans from Bahia for some of its product lines. The chocolate makers Bonnat and Michel Cluizel also produce chocolates made with fine cocoa from Bahia.

Henrique de Almeida, the owner of Fazenda Sagarana and the current chairman of the Cocoa Producers Associations (APC), is another fine cocoa producer from the region. He has been exporting to Europe since 2010 and the investment brings him an excellent return. In his latest international sale to a French chocolate maker, he obtained a price of US\$ 8,000 a ton for fine cocoa compared with a maximum of US\$ 2,200 for the traditional kind. This was a very high price and compares with the cur-

rent average of around US\$ 5,000. “This is a road from which there is no turning back,” he said. “The world is looking for food that can be tracked to its origin and is of high quality”.

To produce this degree of quality, the Bahia producers need to invest not only in technology but also in training and pay. The employees need to be more highly skilled to use the new techniques. The minimum statutory wage in Brazil has also increased a lot in recent years compared with the other world cocoa-producing regions. Fazenda Sagarana employees received a 14th monthly salary last year. “My plan is to have a profit-sharing scheme,” says Almeida. The property covers 62 hectares, half of which is planted with around 22,000 cocoa trees of the Maranhão species. Almeida has already received an order for two tons of cocoa for this year.

Most of the farms located on the Cocoa Coast, as the part of south Bahia which includes the producing regions of Ilhéus, Itabuna, Uruçuca and Itacaré is known, use the cabruca system, in which the cocoa trees



2

HANDOUT



UNJORGE NICO

are planted in the shade of Atlantic rainforest trees. This kind of planting helps conserve the forest species and the wildlife as well as preserve water sources. The cabruca system is used in an estimated 70% of the 565,000 hectares planted with cocoa in the south of Bahia.

Diego Badaró, who also comes from a long line of cocoa planters and represents the fifth generation of his family, shares this environmental concern. He has taken a step further and he runs his cocoa plantation in Itacaré, Fazenda Monte Alegre, in an entirely organically and sustainable way. He does not use chemicals additives and fights fungus only with organic extracts. "I was 21 when I



1

THE FRUIT OF THE GODS

COCOA ORIGINATED in the equatorial zones of the Americas and was planted by the Aztecs in Mexico and the Mayas in Central America. These Amerindian peoples produced a cold, bitter drink from the cocoa mass. After they were conquered by the Europeans, the species of the fruit known as Crioulo spread from the headwaters of the River Amazon northwards while another kind, called Forasteiro, was taken in the direction of the Guianas and Brazil. It was only in the second half of the 19th century that the seed was taken to Africa.

The French master chocolate maker, François Pralus, regards the grains from Venezuela and Madagascar as the most concentrated and aromatic and, for this reason, the best for making fine chocolates. He says the most expensive beans on the world market come from the small village of Chuao in Venezuela.

He believes the ideal cocoa has to be fruity, with hints of wood and flowers along with aromas of mushroom and tobacco. "The quality of the grains, variety and fermentation and the drying process are the main elements that combine to obtain fine chocolate," he says.

Cocoa fruit production requires humidity, heat and shade. The cocoa beans may be conventional, fine and organic (or wild). Conventional cocoa is more common. These grains are used to make cocoa mass which becomes the main ingredient for popular chocolate bars. The fine cocoa has undergone a rigorous process of selection, fermentation and drying which leads to the beans used by the great chocolate masters and companies like Nespresso and Valrhona. The wild and organic varieties are different from the cocoa produced inside the forest as they are created without the use

of agrichemicals and pest control products.

Combating pests is a constant concern as cocoa is a fragile plant which is susceptible to disease. Brazil was not the first country to suffer enormous losses from the witches' broom disease which is caused by the *Moniliophthora perniciosa* fungus. Costa Rica is the only cocoa-producing country in South and Central America that was not contaminated by the pest before it reached Bahia. "Witches' broom disease will never be eradicated, only kept under control," says Manfred Muller, technical and scientific coordinator of the Cocoa Planting Executive Committee (CEPLAC). The committee has worked with producers to develop clones that are more tolerant and resistant to the pest. It has registered 14 varieties for use in planting in southern Bahia.

It was precisely those coun-

1 Salon du Chocolat: the event will be held in Salvador in 2012

2 Cocoa fruit: planted by the Mayas and Aztecs

inherited the abandoned farms of my family. I visited them and saw immediately that this would be my career,” recalls Badaró who is enthusiastic about preserving the Atlantic rainforest. The fine cocoa used in the production of AMMA’s organic chocolates comes from his plantation and others in the region which have adopted the same handling system. He started producing organic chocolate in 2010 with an American partner, Frederick Schilling who is the founder of Dagoba, the biggest organic chocolate brand in the United States.

Badaró wants to take the flavor of the Brazilian terroir abroad and is succeeding step by step. In 2011, 50% of the production was exported,

amounting to around 60 tons of cocoa. The expectation for this year is to reach 200 tons. “We are producing fine and organic cocoa and that is our differential,” he says. “Not all organic cocoa on the market is fine and vice-versa.”

The production of fine cocoa requires workers who are better trained

Badaró, 31, graduated in foreign trade and is quietly spoken but determined. He does not only want to produce cocoa but to verticalize

the chocolate industry in Brazil, i.e. use the locally-grown fruit in the production of high quality Brazilian bars. He follows the “fair trade” principles in the plantations and factory in Salvador and is producing chocolate bars and tablets with a concentration of cocoa liqueur of 30% to 100% (cocoa liqueur is the best part of the fruit and is obtained by milling the roasted beans).

In December 2010, the AMMA 75% bar was described as being among the best premium chocolate in the world in the book Chocolate

tries with declining crops, such as Venezuela and Ecuador, that began investing in fine cocoa. These countries produce the Crioulo species and have become world benchmarks for quality. However, this fruit is highly susceptible to pests. With the passing of time, productivity fell and growers began working with hybrid seeds from the crossing of different species which are more resistant to diseases.

The cocoa which João Tavares produces in Brazil comes from crossing Forasteiro and another species called Escavina. “The advantage is that it is highly resistant to fungi and has a sweet note,” he says. Like Tavares, the overwhelming majority of planters select and interchange the fruit varieties. They also experiment with new techniques in the fermentation and drying stages to reduce defects and enhance the quality of the grains.





HANDOUT

Unwrapped - taste and enjoy the world's finest chocolate. The author, Sarah Jane Evans, is one of the best-known English writers on food and wine and a founder of the Academy of Chocolate.

João Tavares took part in the Salon du Chocolat show in Paris for the first time five years ago in order to get closer to his international clients. The event, which was founded in France 17 years ago, brings together producers, chocolate masters and the representatives from the cocoa and chocolate industry from around the world. However, it was only after his second visit that he decided to take part in the cocoa bean competition which led to him winning prizes and prestige. The other Brazilian cocoa bean entrants in the competition received excellence certification although they won no prizes. The situation will be reversed in July of this year when specialists from the chocolate industry throughout the world come to Salvador in Bahia where the next Salon du Chocolat will be held.

This will be the first time the event will be held in a cocoa-producing country. Until now it has only been held in the buying centers such as Paris, New York, Tokyo, Moscow, Shanghai and Madrid, amongst other places. Between July 1 and 8, Brazilian and international visitors will make technical visits

to productive farms, take part in discussion forums and visit stands. "We expect to make new deals and want Brazil to become a large world supplier of high quality cocoa," says Badaró who was one of the driving forces in bringing the Salon du Chocolat to Brazil, with the backing of the state government, the Cabruca Institute and the APC. "We Brazilian cocoa and chocolate producers have to unite and show the world that we have the best land and cocoa for chocolate in the whole planet," he says.

Exports of fine cocoa are growing while conventional cocoa exports are falling

Exports of fine Brazilian cocoa only represent 0.5% of domestic production of this variety of the fruit, with the remaining 99.5% meeting demand on the domestic market. Brazilians have started eating more chocolate over the last 10 years and domestic consumption has risen at an annual rate of 10%. Brazil is now the fourth-largest chocolate consumer in the world. However, while less common cocoa is now being sent abroad, exports of the excellent quality beans expanded

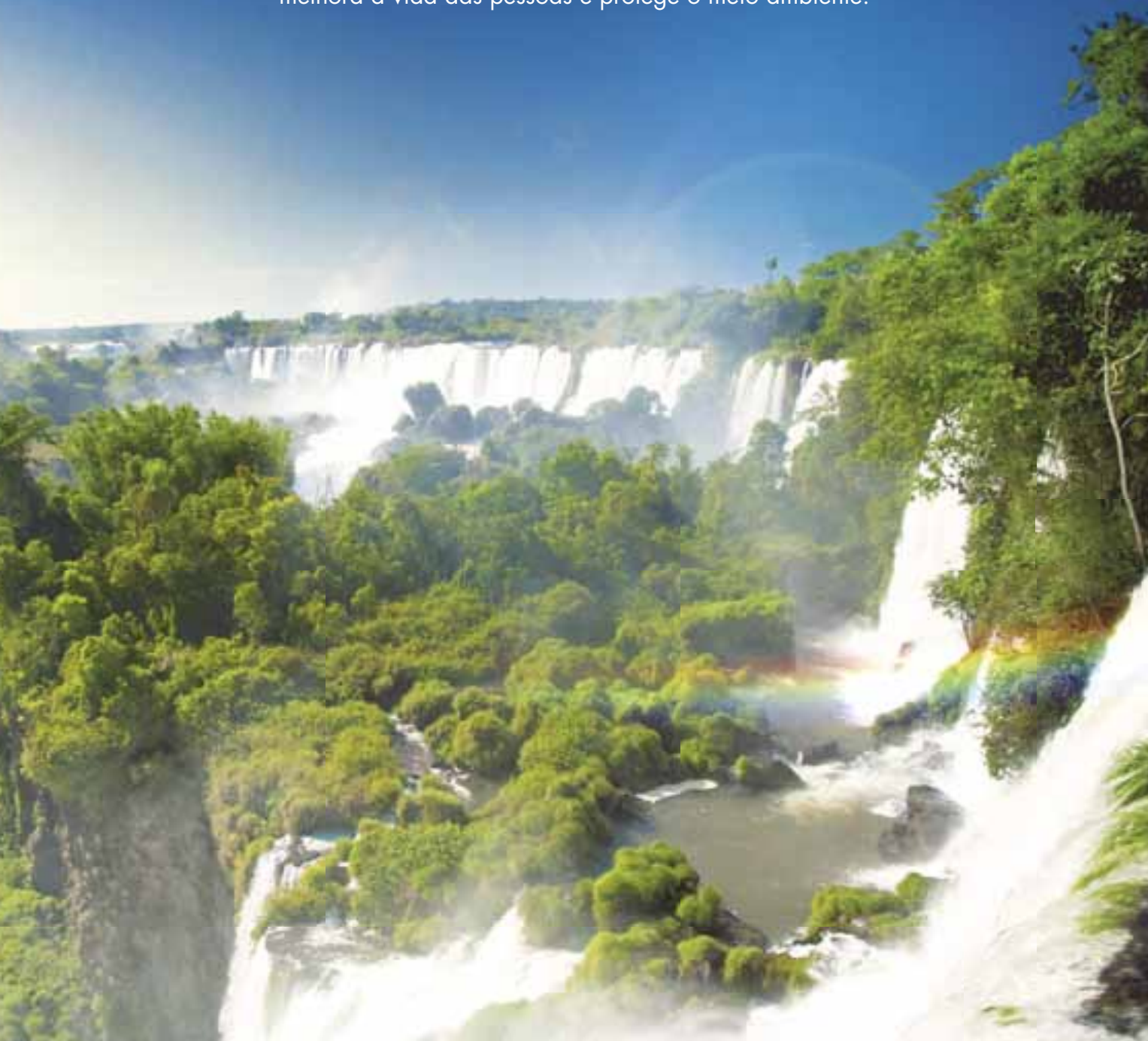
significantly in 2011. Figures from the Cocoa Productive Chain Sector Chamber show that 650 tons of fine cocoa were exported last year compared with only 160 tons in 2010. The main destinations for export are Belgium, Switzerland, Holland, the United States and Japan.

Brazilian producers are also betting on the growth of the domestic market. They believe it is only a matter of time before the domestic industry starts offering the consumer a greater variety of fine chocolates.

"A quality product creates a whole sustainability chain, whether social or environmental," says Tavares. "This is a commitment to the world we live in." Whereas Brazilian cocoa farming had a turnover of R\$ 800 million, the domestic chocolate industry had sales of R\$ 9 billion. "We have to verticalize production," says Henrique de Almeida, the APC chairman. "Brazil has the raw materials and technology to produce excellent chocolates."

Cocoa beans
drying:
quality control

O Brasil cresceu, com a garra do seu povo, com a esperança que está no ar e com a alegria de cada brasileiro, com soluções originais que abrem caminho para o futuro do planeta. Futuro onde produzir e preservar se integram. Hoje, o Brasil é respeitado porque inclui e melhora a vida das pessoas e protege o meio ambiente.





O BRASIL RECEBE DE BRAÇOS

O Brasil reafirma, com orgulho, o compromisso com a sustentabilidade do seu desenvolvimento e defesa do meio ambiente. Rio+20: o grande encontro mundial do desenvolvimento sustentável, em busca de melhores caminhos para o crescimento econômico, com inclusão social e proteção ambiental. **Rio+20: crescer, incluir, proteger. Para mais informações, acesse: www.rio20.gov.br. Participe.**

O FUTURO ABERTOS.



GOVERNO FEDERAL
BRASIL
PAÍS RICO É PAÍS SEM POBREZA

Recycling of
bottle crates
at Ambev:
global models

Brazilian multinationals are exporting good socio-environmental practices to conquer new markets

ARNALDO COMIN

One highly sensitive item has gradually been added to the list of Brazilian exports – good socio-environmental practices. In recent years, multinationals such as Odebrecht, Vale, AmBev and Embraer have exported to several countries a culture fusing sustainability and business extremely efficiently. This progress has really helped smooth the perception that Brazilian companies with offshore operations are villains of deforestation and attacks on the world's biodiversity. Slowly but surely, Brazilian multinationals are signing up to the so-called green economy.

The community of Curundú, a shanty town in Panama City, is starting to experience the practical effects of this mini-revolution. Two years ago, its 5,000 inhabitants were taken away to temporary





From • villain...

...to
good
guy



dwellings by Brazil's Odebrecht. The company is involved in a re-urbanization project, next to Panama City's national heritage region. Odebrecht's wide-sweeping package, contracted by the Panamanian government for US\$100mn, includes a road and urban development package to knock down Curundú's barracks and stilt houses and replace them with brand-new homes with adequate infrastructure and support: energy, paving, sanitation, leisure areas and the professional training of Curundú's inhabitants.

The first of the 1,200 families that are now starting to be brought back can already glimpse a much different landscape. "This community was so stigmatized for its awful living conditions that people would

lie when looking for work, saying they didn't live there", says Sérgio Leão, Odebrecht's Sustainability Director. "Now, the population is proud of where they live." Ode-

Green economy is changing the logic of preservation: from onus to opportunity

brecht, which posted 2011 net revenue of US\$42.5bn in 20 countries, has vast experience in homebuilding. One of its most famous projects was relocating the victims of the Angolan civil war on the outskirts of the capital city Luanda. Curundú

is now starting to be seen as a new landmark in the company's history. "It is the most ambitious urban project we have ever done from a social and environmental standpoint", says Mr. Leão.

Odebrecht's experience in Panama is only one of several good socio-environmental practices being exported by Brazilian multinationals. These initiatives have reached

developed nations like Canada and the US and poor regions of Africa and Latin America.

In the two decades spanning the Rio 92 environmental conference and its heir, Rio+20, held this year, a lot has changed in Brazil. The



HANDOUT

2

country has gained economic stability, taken almost 40 million off the poverty line and made strong progress in environmental preservation and legal frameworks. “20 years ago, we were the global deforestation bad boys. The height of the Amazon rainforest devastation was in 2004, when 27,000km² of forest was simply cut down”, says Rubens Ricúpero, ex-Minister of the Environment and Finance Ministry. “In 2011, that fell to 6,500km². A huge achievement”.

Onus and opportunities

However effective public environmental policies are, the so-called green economy is a concept that inverts the logic of preservation, transforming it, in companies’ eyes,

into a business opportunity “onus”. Thus, it will only succeed if companies are agents of change. In fact, Brazil still has a long way to go in changing the international percep-

Companies are investing in more production-integrated management models

sion of its multinationals. Only one Brazilian company, Petrobras, features in the ranking of the Reputation Institute, which measures the image of the top 100 global brands in criteria such as credibility, quality and socio-environmental respon-

sibility. Petrobras ranks a distant 98th. Last year, Vale suffered the embarrassment of being voted the “world’s worst company” by Greenpeace, due to its conflicts with local communities and disrespecting the environment.

But things are starting to change. In recent years, industrial giants and large agribusiness players with environmentally-

1 President Dilma speaks at Rio+20: a tough impass

2 Rio changed its routine with the conference



1 2

related operations have started to invest in sustainable management models with a much more production-integrated bias (see page 44). These companies are the most visible face of a movement starting to spread among national companies. A survey taken in June by Uniethos with 250 of Brazil's 1000 largest companies shows that 69% have already incorporated goals, such as preserving natural resources and new business opportunities via social inclusion, into their strategic planning. For most companies, innovation with socio-environmental responsibility is now a byword for competitiveness.

"We realized that Brazilian companies are reaching a third stage in the sustainability debate", says Paulo Itacarambi, VP of Instituto Ethos. "Initially, they were only worried about image and complying with legislation. Over time, this stance has morphed into a more pragmatic

view, focused on cost-cutting. Now, there is a real interest in using sustainability as a business tool", says Itacarambi.

The main challenge is engaging companies so that socio-environmental actions become a

Brazilian companies are calling for concrete progress towards a sustainable economy

competitive differential. "The shift to the green economy model affects the big companies. Initially they suffer most, due to cost pressure", says David Steuerman, director of the UN's Companies and Biodiversity program. "But shortly, they will produce a multiplier effect throughout the chain, reaching small and medium companies – precisely the

ones doing all the polluting".

At Rio+20, Brazil's private sector called on world leaders to make major progress towards a more sustainable economic model. With the support of 120 entities and led by Brazilian companies with international operations such as Natura, Instituto Ethos sent global leaders a letter with nine principles. One of the principles concerns national companies operating abroad: the commitment to operate anywhere in the world within the best global standards. "The green economy will never exist without companies", says Itacarambi. "That's why they must lead the socio-environmental debate".

Putting words into action

The Belgium-Brazilian group AB InBev is seeking a global man-



agement model that privileges the best business and sustainability solutions adopted at all global subsidiaries. In April, AmBev's Brazilian subsidiary received an award at the annual company meeting (held in London) for creating Cyan Bank – a program to reduce water consumption. The project, involving a partnership with state water utilities Sabesp (São Paulo), Cedae (Rio de Janeiro) and Codau (Minas Gerais), saved 90 million liters of water in a year and rewarded the population for reducing consumption. The program's success reflected its simplicity. Consumers just had to register their water bill on the bank's site to earn points...less water consumed = more points. Points are swapped for products on the e-commerce sites of retailers such as Americanas, Blockbuster, Submarino, Shoptime and Abril.com. Innovative, the program has become a global reference and should be adopted by other AB

InBev subsidiaries.

The Cyan Bank water project is an example of the green economy's potential in corporate management. Water is the beverage industry's main raw material and represents 95% of all raw materials used by

Ambev is seeking a global management model that stimulates sustainability

AmBev. Thus, every liter saved is a return for the Cyan Bank client/water consumer. "We believe a sustainability project will only succeed if it is directly related to the nature of the business. Otherwise, it will be abandoned" says Ricardo Rolim, AmBev's Director of Socio-Environmental Relations.

Renowned for its competitive-

ness and aggressive goals, AmBev has been tackling the water question very carefully. In 2009, it created a program to reduce consumption to 3.5 liters of water per liter produced. A decade ago, this ratio was 5.4 liters. In Brazil, where the project is at a more advanced stage, Ambev ended 2011 with a ratio of 3.75 liters.

The company also exports its know-how on other fronts where it leads the group's global performance, such as waste reuse – the global target for 2012 is 99% and Brazil is already at 98.3%. "The environmental question is heavily related to productivity. It is part of the monthly performance reports available to any global subsidiary", says Rolim. The Brazilian subsidiary's stunning performance isn't by chance. Brazil has 12% of global water reserves. In biodiversity, Brazil is an even more relevant player: it is home to 17% of the planet's animals and vegetables. This is a huge window of opportunity for industries such as cosmetics, medications or (a Brazilian forte) bio-fuels – a segment where Brazil is easily leader via ethanol.

Green planes

Brazil's know-how in renewable fuels has just reached the global aviation market. On 19 June (the last day of the Rio+20 conference), an Embraer 195 aircraft

belonging to the Azul airline (100% fueled by sugarcane bio-kerosene) flew over Guanabara Bay. Since 2006, the aircraft manufacturer has been working on alternative

1Curundú project, in Panama: pride of Odebrecht

2Acreditar Program: qualified labor



1 2

fuel projects with other companies. US engine producer Amyris is a partner in this pioneering project, which represents Embraer's big-

gest achievement in the field since launching Ipanema (the world's first 100% ethanol-fueled aircraft).

The aircraft industry is one of

the most pressured to become more eco-efficient. "Aviation has already cut emissions by 70% in the last 40 years", says Guilherme de Almeida

ACES UP THE SLEEVE AND OBSTACLES

ETHANOL is our biggest technological trump card, but the world has yet to buy into the idea

Nine years after the advent of flex-fuel engines, the Brazilian fleet of ethanol-powered cars now totals 15 million, almost half the 32 million on the streets. By 2020, this should exceed 80%. Although most production is consumed locally (to the point where Brazil has had to import in the past 2 years), Brazil exports US\$15bn and should export US\$26bn in 2020, according to Unica, the entity representing sugarcane producers from Brazil's Center-South region.

But Brazil still has a long way to go in transforming ethanol into a global commodity - currently the main bandwagon of the local

sugarcane industry. Major progress has been made on this front, but political and economic barriers have so far prevented Brazil's clean fuel from becoming a real global solution. The main achievement was that US authorities certified ethanol as "an advanced fuel" and overturned, in 2011, the US\$0.45 per gallon tariff on Brazilian ethanol.

"We showed that sugarcane ethanol reduces emissions throughout the chain by up to 70%, while the average of corn, wheat or beet-based similar products is around 40%", says Geraldine Kutas, senior advisor for international matters at Unica.

The most pressing challenge now is to overcome the EU's €0.19 tariff barrier per liter of imported ethanol. The tariff can't be questioned in the

WTO and its elimination depends on the goodwill of European players. "We are trying to show that it doesn't make sense for all the Middle East's oil to enter Europe tariff-free and to tax a fuel that reduces pollutant emissions", says Geraldine.

Taking the lead in environmental issues will also force Brazil to close the fence on deforestation caused by intensive farming, whose out-of-control progress mainly jeopardizes the cerrado (Brazilian savannah land) and Amazon borders. In more centralized productive chains, such as soy, which has few global distributors, the defense of forests is starting to pay off. Since 2006, Greenpeace has been working on the Soy Moratorium project, with the help of major soy producers such as



1 Cyan project, of Ambev: rational use of water

2 Bio-kerosene: green flights in Azul jets

tainability platform in all its global operations – 6 in Brazil and 11 abroad. “Our target is to boost efficiency by 15% with each new generation of aircraft. This includes not just kerosene, but all the materials used in an aircraft”, says Freire.

Thus, the onus now lies squarely with companies. “One of Brazil’s renowned differentials is organizational creativity. We have found better solutions in relations with communities and government. We need to use companies’ experience to raise the level of global debate”, says Itacarambi.

CLAUDIO CAPUCHO

Freire, Embraer’s Director of Environmental Strategy and Technology. “Now, the goals are more ambitious: halving this number by

2050”. Embraer, the first global aircraft producer to receive ISO 14001 (environmental management certification), uses an integrated sus-

Cargill and the National Space Research Institute (Inpe). The work involves satellite mapping of the advance of deforesting and marking the soy planting expansion zones. If a producer moves onto a forest, it will be subject to environmental fines and have its sales suspended. It could take some time. But there is no doubt that Brazil will shortly become one of the global green economy heavyweights. (AC)

NIELS ANDREAS



Direct line

Companies are replicating negotiations with communities in Brazil to reduce international business conflicts

Brazilian multinationals such as Vale, Odebrecht and Votorantim face a web of legal demands and practical challenges wherever they operate. Their international operations entail matters such as environmental compensation, innovative logistics solutions, relations with all forms of government and local investors, and tedious labor negotiations. Companies also forge ties with communities as diverse as indigenous tribes in Pará or Mozambique and worker villages in the US or Canada. In this highly diverse scene, most Brazilian companies now work with unified targets, deadlines and processes (including clear productivity goals, waste reduction, professional training and health at the workplace). Managing sustainability projects follows a global standard. Good practices developed in a country apply to everyone. The main reference is Brazil, whose ties with communities are at a much more mature stage.

The annual meetings of Votorantim Cimentos at its Bowmansville plant (Canada) are attended by over 2,000 locals. Everyone wants



In Peru, the Creer project replicates successful training model in Brazil

to know about production targets and investments, which are key to creating jobs and boosting the local economy. In Canada, Votorantim has

intensified a practice developed in Brazil and which is now being actively promoted around the world: direct dialog with local communities. “It is important to respect differences and maintain open lines of negotiation. This really helps reduce conflicts”, says David Canassa, Votorantim’s Sustainability Director. Relation-



Peruvian
craftswomen:
Odebrecht support
for local community

the system of result-based pensions and bonus payments. Vale imposed its Brazilian model based on meritocracy and productivity instead of the system based on iron ore prices. The final agreement only came out 18 months later, with financial compensations being added to the new remuneration criteria.

In recent years, Vale has forged closer ties in the communities where it operates. It supports indigenous people in Pará state and in 2010 introduced a program for preserving the native language and customs of the Gavião Parakatê tribe. It is also working on a project to include the use of the Kanak native language, spoken by the inhabitants of Southern Nova Caledonia, an island from Oceania and French territory, where it has a nickel unit. The move was demanded by locals themselves. In Mozambique, Vale has invested in schools, a model farm and in relocating inhabitants in the Moatize Coal project, which has also faced resistance from locals.

In response to Greenpeace's "world's worst company" title in 2011, Vale defends itself by recalling that, in the very same year, it was voted the best mining company in managing climatic changes, and featured in the ranking of the Carbon Disclosure Project (CDP), an independent global organization, for the second consecutive year. Since 2009, Vale has been upping its investments in socio-environmental projects, which rose from US\$782mn to US\$1.48bn last year. The target is to achieve US\$1.65bn this year.

ship challenges are highly diverse. In Colombia, where Votorantim has five steel plants, professional training is vital. In the US, highly qualified employees even buy their own uniforms.

Labor disputes are another constant in the history of Brazilian companies buying assets abroad. In Canada, Vale (Brazil's largest private-sector company) is stuck in a lengthy battle with the miners union of its

In Canada, Vale faced a strike that lasted over a year

Canadian division Sudbury (in the province of Ontario). In July 2009, over 3,000 workers went on strike for a year due to disagreements over

HANDOUT

Latin America

Brazilian companies have helped improve quality and preservation standards in African and Latin American emerging markets. Peru is one of the best examples. Both Odebrecht and Votorantim are involved in major projects there. The construction of the Chaglla Hydro-power Plant on the Huallaga River (between the Andes and the Peruvian part of the Amazon) has used good practices learnt by Odebrecht at its Santo Antônio Plant project, on the Madeira River in Rondônia. “We chose the area due to its much lower environmental impact”, says Sérgio Leão. The same lesson applied to labor training. The Acreditar program, which trained 90% of Santo Antônio workers at a cost of R\$15mn, was already replicated in the Creer Peru version and now also extends to Colombia, Mexico, Panama and Angola.

The Cajamarquilla zinc refinery (bought in 2004 for US\$215mn) on the outskirts of Lima reveals a similar Votorantim experience in the country. In less than 10 years, the company modernized the unit with Brazilian productive processes, introducing basic elements still not used in Peruvian industries such as uniforms, safety equipment and even cafeteria. “Our operations in Peru and Colombia are unrecognizable today compared to when we bought these assets”, says David Canassa. Another subsidiary, the Bowmansville cement plant, is a reference as it was one of the first US plants to attain the new ISO 50001 energy efficiency certificate.

In terms of training, the company’s Corporate Academy, based in São Paulo, brings employees over from Peru and Colombia to participate in workplace health and safety modules. The leadership modules are given at the Canadian and US of-



1 David Canassa, from Votorantim: raising requirements

2 Votorantim recycling plant in Peru: right move

fices. The company is now preparing a specific module for environmental questions. “Our aim is to introduce more stringent requirements in all operations”, explains Canassa.

Simplicity

The Odebrecht group is undoubtedly the Brazilian conglomerate with the biggest presence in Latin America. Its business goes from

group’s petrochemical arm, is involved in the biggest private-sector investment in Mexico – building the Etileno 21 refinery for US\$3bn.

To handle the complexity of the projects, the group is using a unified model of procedures, normally based on Brazilian and US criteria, with more rigid standards. This system has been developed over the last 10 years and involves practices for

ing game of the 2014 World Cup) to a hydro energy plant in Angola. “By raising quality standards, we know that we gain competitiveness and recognition of clients (oftentimes governments or local investors). These harsher requirements also avoid losses, as a poor environmental project can delay works by up to a year”, says Leão.

Innovative socio-environmental initiatives don’t necessarily have to arise from such complicated challenges as building a refinery. In Argentina, AmBev is gearing up to launch the Brazilian Jovem de Resposta program to make the population (parents included) more aware about responsible alcohol consumption. The project is part of the +ID movement to prevent sales to under-aged consumers.

In fact, AmBev’s good practices seem unlimited. The US provided the experience of training workers in bars. In the UK, the Parent Talk program for dialog with teenagers’ parents. In Brazil, it teamed up with Pão de Açúcar to check clients’ ID. Ricardo Rolim, AmBev Head of Socio-Environmental Relations, says responsible consumption is key to the group’s business and poses a major challenge: finding the right language to communicate with young people. “Innovation is part of the company’s DNA and, to make this work, we have to enable ideas to flow”.

building the Mariel Port in Cuba to the expansion of Ruta Del Sol, on the Colombian coast. It is also the largest foreign contractor in Panama, where it is building a hydropower plant, a highway linking Panama’s two coasts, line 1 of the capital city’s subway and the Panama Basin sanitation project. Braskem, the

studying environmental impacts, containing waste and more efficient production methods. They are initiatives seeking simple solutions such as the “construction site kit”, a series of management procedures that apply to any project, from the future Corinthians soccer stadium in Itaquera (which will host the open-

cardo Rolim, AmBev Head of Socio-Environmental Relations, says responsible consumption is key to the group’s business and poses a major challenge: finding the right language to communicate with young people. “Innovation is part of the company’s DNA and, to make this work, we have to enable ideas to flow”.





Innovate to internationalize

Finep (federal research development agency) wants to support Brazilian companies willing to invest in science and technology in order to compete better in international markets

NELY CAIXETA AND ARMANDO MENDES

Competing based on technology can be a key driver of Brazilian companies' internationalization. That's why Finep (Financier of Studies and Projects – a federal development agency for technological R&D) wants to broaden its reach to support mergers and acquisitions of foreign tech companies by local multinationals. To do this, it needs to be fully recognized as a financial institution, a step that is being discussed with Brazil's Finance Ministry, Central Bank and President. The person charged with this task is Finep president Glauco Arbix (from São Paulo, with a degree in sociology). Mr. Arbix lectures at USP (University of São Paulo) and is a specialist in innovation and competitiveness. He sees a growing appetite for innovation and technological research at Brazilian companies, which is reflected in the growth in Finep's portfolio (from around R\$2 billion to R\$ 14 billion in the space of just 18 months). He received PIB at his home in São Paulo, on a stopover

between Rio de Janeiro (Finep's HQ) and a trip to Japan.

What type of support does Finep plan to give Brazilian companies going international?

The BNDES (Brazilian Development Bank) is basically the only entity working with internationalization, something it does very well and will continue to do. Our outlook is a bit different. We would like to stimulate acquisitions or mergers of companies, provided the main objective is technology. In other words, a company that merges with or acquires another to acquire abilities it previously didn't have. We still can't do this, but we would like to, either in the domestic market or, at a later stage, by encouraging the same movement outside Brazil.

Why can't Finep support Brazilian companies abroad?

Finep is currently unable to do this. We can't work with companies making investments abroad. So, we have already sent the government a series of suggestions regarding the

flexibility of our sources and our status as a financial institution fully recognized by the Central Bank, with a series of procedures applicable to a financial institution.

Why does Finep need this recognition?

Finep is a financial institution, it was created as such. It is perhaps the only financial institution not supervised by the Central Bank. We lend money to companies to invest in technology and innovation. That is our priority – research and development (R&D). But since we aren't supervised by the Central Bank, recognized by the National Monetary Council or submitted to a series of rules and norms governing financial institutions, we have a hard time working with the resources we have to support companies looking to expand via mergers and acquisitions, both inside and outside Brazil. In the case of international expansion, we are talking about a very well-run process with a very clear focus – acquiring technological capacities that a given company still doesn't possess.

Can Brazilian companies compete globally based on technology?

Internationalization is a difficult process, as I'm sure you are well aware. But competition in technology can give these companies a major differential. They don't always compete abroad based on this differential. Brazilian companies aren't afraid to dispute sophisticated markets such as Europe and the US, but we have to strengthen this process. We have to fuel it and make it more aggressive. We are thus discussing the possibility of financing mergers and acquisitions of companies abroad, when the operation has a technological focus..

What ace up its sleeve does Brazil have in this competition?

We have a superior quality industrial base. This is an important asset. But, in the comparison between companies, we can see that the overwhelming majority still carry out their expansion based on defensive niche strategies, instead of expansion strategies, boldness and growth. Our business is to help companies in expansion, which is why we implemented a permanent R&D account, a sort of "overdraft facility" for these companies..

How does this 'overdraft' work?

Large Brazilian companies, even those concerned with innovation, invest "almost always". It is a stop-start process: they invest, they don't invest, they invest, they don't invest... We joke that it is a 'hiccup' strategy. Our idea is as follows: instead of approving things on a project-by-project basis, which increases the red tape and lengthens deadlines, we analyze a company's R&D plans and approve a 4-year strategy. Over

these four years, we will release funds as these activities develop. We will accompany their evolution and award a series of awards in terms of offering financing.

What type of awards?

If, in the space of one year, a company boosts the average qualification of workers in its sector by over 10%, it will be entitled to an extra 5% (over the originally financed amount). If it hires a certain number of master's

Brazilian companies don't always use technology to compete abroad

degree and PhD candidates in R&D activities, it will receive another 5%. And if they retain small tech companies in their network of suppliers for these projects, that means another 5%.

What is Finep's main funding source?

Finep is a company of the Brazilian Treasury, a public company with several sources. It manages the resources of FNDCT (National Scientific and Technological Development Fund), formed by industry sectors that contribute 0.5% of their revenue and have to invest another 0.5% in companies' technological projects. It is an intelligent and modern strategy.

Are FNDCT funds enough?

Since we joined Finep (at the start of 2011), we have sought al-

ternative funding sources. And we found an alternative source in a program called PSI (Investment Support Program), which was created in 2008 by the Lula government to weather the economic crisis. They are funds directly linked to the Treasury, matched by the Treasury, which enable us to offer negative interest rates for innovation.

How does this work in practice?

For many projects, we offer interest rates of 4% per year. If inflation is 6% p.a., then real interest rates, evidently, are negative. Our operational policy is: the greater the project's technological risk, the better the conditions we offer. At the limit, we offer 4% p.a. and a 3-year grace period. We offer up to a 10-year repayment period, financing 90% of the project. Very few countries offer such conditions.

In these mechanisms to facilitate and enable innovation, which sectors does Brazil plan to support?

We work with government priorities. We will seek out some segments. Our focus is on biotechnology and nanotechnology, two areas offering knowledge-intensive activities and which we aren't always able to pay attention to. For example, we have a specific activity in the area of nano-materials. There are small and medium-size companies that could be acquired, that could merge their capacities. The same thing is true in the area of optronics, which deals with advanced optics, both for communication and image.

Are there areas where Brazil already starts out in a winning position in this search for technological progress?

There are areas where we are very competitive, i.e. first-generation ethanol where we have enormous advantages (e.g. 100 years of research in this area). A second area is biodiversity. And not just the Amazon rainforest; we have several biomes, such as the Pantanal swampland, with a massive diversity of ingredients. We have qualified people to work in this area and we can make major progress. In the last 20 years, we have created a very strong scientific base. Brazilian science exists, it's on the map. We are the world's 13th largest producer of indexed articles.

And have companies responded to these incentives?

Yes, this is the Brazil in motion. We visit companies. In many cases we make companies more ambitious. If we feel that it has size, we help to strengthen its project. We also do this with universities. We have visited institutions and asked a very simple question: "What do you want to develop with your strategic plan"? This is a question that both Brazilian companies and universities have difficulty answering (with a few exceptions), because both Brazilian companies and universities grew accustomed to a period of scant support and financing resources. As a result, their plans were downsized.

Can you give an example?

The Brazilian university system as we know it doesn't allow us to think of a multi-purpose nuclear reactor, capable of making radiopharmaceuticals. The reactor that makes radiopharmaceuticals in Brazil is located at Ipen (USP) and was built in 1954. And everyone knows that radiopharmaceuticals are fundamental to cancer

treatment, for example. Such a reactor costs R\$500-600mn – it doesn't fit a university budget. If we think about the pre-salt oil, about the possibility of Brazil becoming an energy heavyweight with ethanol and the pre-salt oil, which will make it a major producer of oil distillates, we will see that there is a long, long way to go. This is the good challenge: four, five years ago, we had resources, but there were no important projects at companies and universities were only carrying out very modest projects.

Economic, corporate and research universes have to be brought closer together

And is this changing?

Today, projects are becoming increasingly ambitious, forcing us to rethink the financing system – either with universities or companies. Let me give you an example: last year we launched a project with the BNDES for second- and other-generation ethanol, called PAISS (*second-generation ethanol is produced from pulp, enabling the full use of the biomass of several plants). Brazil is the most competitive and productive company in first-generation ethanol, but in the second-generation segment no one has an advantage because it still isn't commercially viable. We have a great chance, once again, thanks to this plant that someone gave us (it wasn't just mother nature) called sugarcane.

Why doesn't this advantage come solely from nature?

Brazil benefits from over 500 varieties of sugarcane developed by Embrapa – no one else has this. The quality of the sugarcane pulp is amazing. Thus, we launched this second-generation ethanol project. And look at our thermometer... Compared with our R\$1.5 billion, do you know how much demand was? R\$14.5 billion in R&D projects presented by companies. What did we do with the BNDES? We brought this portfolio to R\$3.1 billion – we selected the best-quality projects. I say this with regret because, if we had more resources, I am convinced that this amount would double. There are quality projects that we are putting to one side.

What still needs to be done to complete the jump to an economy based mainly on knowledge, and not on exhaustible natural resources?

We still have major difficulty transforming the knowledge generated into technology and innovation. There are distant worlds that need to converge – the economic, corporate and research universes. But we have strong experiences. Look, Petrobras only exists, with the capacity it has, because it formed a network of 2,000, 3,000 contracts with companies, universities and research institutes. The same thing is true with Embrapa, which is supported strongly by both ITA and CTA (two aeronautical technology centers) and by a network of universities. The same way that the entire Brazilian agribusiness sector is based on research. For a long time, people said that Brazil was competitive due to child labor, slave labor. That's rubbish! Brazil's competitiveness lies in its research.



Adventure on the Nile

Farmers from Mato Grosso are taking Brazilian agricultural technology to Sudan to plant cotton, soybeans, corn and beans on the banks of the great river

POLYANNA ROCHA,
CAPE TOWN



HANDOUT

Around two years ago, a group of farmers, researchers, consultants, agronomists and agriculture technicians from various regions of Brazil crossed the Atlantic Ocean and then Africa towards the city of Ad Damazin in Sudan — a poor war-torn country in the Northeast of Africa which faces the Red Sea and the Arabian Peninsula on one side. Some returned quickly while others stayed on for a long time. Their mission was to raise the production of grains and fibers in Sudan, which has fertile land through which one of the world's largest rivers, the Nile, runs but is short of knowledge and modern technology

to develop its impressive agricultural potential.

The story of these businessmen and technicians can be seen as another chapter in the continuous migration of farming families from southern Brazil to other lands, which began when they moved to the Midwest and Southeast of Brazil. After reaching the Northeast and the Amazon region, they now are crossing the Atlantic and arriving on the banks of the Blue Nile, one of the arms formed by the main channel of the river Nile. The other is the White Nile and the capital of Sudan, Khartoum, was built at the confluence of these two rivers. (Ad Damazin, the main city of the region where the project is being carried out, is the capital of

Bales of
Sudanese
cotton:
superior
quality

the state of the Blue Nile and located 750 kilometers southeast of Khartoum.) Thirty-two Brazilians and 100 Sudanese are currently working in the region, under the guidance of farmer Gilson Pinesso who was born in Paraná and comes from a family of coffee producers. Before arriving in Africa, Gilson set up his business

The Brazilians were surprised by the fertility of the Sudanese savannahs

in Mato Grosso, Mato Grosso do Sul and Piauí, where the Pinesso Group farms 11 soybean, cotton, corn, sorghum and rice plantations, as well as pasture land.

The Sudanese undertaking foresees the planting of 22,000 hectares of land this year, of which 16,000 will be for cotton, 3,500 for sunflowers, 2,000 for beans and 500 for soybeans. “We expect to harvest in January and February of

2013, with a yield of around 3,500 kilos per hectare and revenues of US\$ 60 million,” says Pinesso. The fertility of the land captivated the Brazilians in the first experimental planting carried out in 2010 when 400 hectares of cotton, 100 hectares of soybean and 60 hectares of corn were obtained. “I confess I was surprised with the results, particularly with the fineness and quality of the cotton,” says Pinesso. “We do not get the same quality as the Sudanese cotton in the first year of planting in Brazil, for example.”

The Brazilian was not only impressed by the quality but also by the yield. “The technology we brought increased productivity by almost 10 times. I think God came here and blessed these lands,” Pinesso says. However, things were not always this upbeat. Pinesso was rather doubtful when the first proposals for a partnership were made at the end of 2009 by the Sudanese agriculture Minister, Ismail Abd El-



SEPARATION AND CONFLICTS

AGROPASTORIL PINESSO originally estimated that it would plant 30,000 hectares in Sudan in 2011 with cotton, soybeans and beans and corn. It hired around 50 Brazilians including agronomists, technicians and machine operators, along with local farm workers, to prepare the groundwork. However, the area had to be reduced to 8,000 hectares due to internal conflicts that erupted in this period, particularly in the Blue Nile state where the Brazi-

lians were due to work.

Huge political transformations occurred in this period, particularly the separation in July of last year of South Sudan — neighboring the Blue Nile — following a referendum in which the people voted for independence for the rebel province. Fighting intensified throughout the year as both sides staked out positions ahead of the post-independence agreement on the division of resources, such as oil, and the demarcation of borders.

An old conflict in another rebel region — Darfur in the west which is much further away from Blue Nile — led to the flight of hundreds of thousands of civilians, according to figures by Amnesty International. This was due to atrocities committed by militias allied to the government in Darfur. As a result, the International Court of Justice issued an arrest warrant in 2009 against Sudanese president, Omar al-Bashir, the first time it has ever done so for a head of state.



Pinesso with
Sudanese:
white beans to
combat hunger

in February 2010, an advance group, led by Pinesso, set off to Sudan for the first time to estimate the cost of a pilot project and assess whether it would be possible to reproduce the highly successful results of Brazil's Midwest cerrado region in the Sudanese savanna. (Sudan has a desert in the north but the south is covered with savanna and tropical forests.)

The challenge was to see whether the Brazilian technology and planting methods would adapt to the climate and the soil conditions of Sudan. This initial phase was carried out by two agronomists and technical advisors from the Mato Grosso Cotton Producers Association (Ampla) and the Mato Grosso Cotton Institute (IMA). Agropastoril Pinesso, which belongs to the family group, took part with know-how, research, seed tests and agricultural technology and the Sudanese government injected resources of around US\$ 600,000.

Once the success of the first harvest was confirmed in terms of sustainability and commercial return, a company was created. It was called the Brazilian-Sudanese Agrobusiness Corporation and its purpose was to develop farming in Sudan based on the transfer of Brazilian technology. Agropastoril Pinesso is responsible for running the company and sales operations and also for providing the technical know-how. The Sudan government is the main investor in this initiative, along with the Arab-Sudanese Blue Nile Agricultural Company Ltd. group, which is an affiliate of the Arab Authority for Agricultural Investment and Development (AAAID), an investment agency in farming that is maintained by the 12 members of

HANDOUT

This instability led the Sudanese-Brazilian team to seek refuge in the capital, Khartoum. It proved impossible to repair the damage after being away from the planted area for 23 days. "The planting was badly affected by severe attacks from pests and insects as we could not combat them in time," says Pinesso. Despite this loss, he expects the 2011/2012 harvest to bring in revenues of around US\$ 22 million.

halim Elmotafi, when he visited the Pinesso Group farms in Mato Grosso. "He had information on Brazilian agricultural techniques and was impressed by our cotton production of 4,500 kilos per hectare and proposed a private-public partnership in Sudan," he recalls.

Pinesso initially refused the invitation, claiming that Africa was too far away and Brazil still had lots of lands to plant. However, the minister insisted, arguing that Sudan provided lots of facilities for farming. He said Pinesso needed to know the country at first hand and make an analysis before giving a reply. And that was what happened:



the Arab League.

The investment to plant 100,000 hectares by 2014 was estimated at more than US\$ 70 million. The land belongs to the Sudanese government which granted the concession free of charge for a period of 30 years and is providing part of the loans for machinery, fertilizers and seeds. The cooperation between Brazil and Sudan is expected to almost triple the current volume of the country's cotton production from its current 80,000 tons a year. As Sudan has no textile industry, all the cotton produced will be exported. The company needs to bring in foreign currency to offset all this investment so the question arises as to which markets will be able to import the Sudanese-Brazilian production to raise these foreign reserves.

One certain destination is Turkey, located on the neighboring Mediterranean Sea. "We are also having talks to China which has shown interest in Sudanese cotton since the Chinese already have a

close trade relation with the country in the sales of machinery and equipment," says Pinesso. Other important markets in the region could benefit from Sudan's privileged geographical position.

The farm that is home to the Brazilian-Sudanese Agrobusiness Corporation projects lies approximately

Turkey, China, India and the Arab countries are markets for Sudanese cotton

1,200 kilometers from Port Sudan, a coastal city on the Red Sea, which is only five hours by boat to Saudi Arabia and provides easy passage to the Mediterranean Sea through the Suez Canal. It also has direct access to the Far East through the Gulf of Aden and the Indian Ocean. "The roads are paved, the access to the port is fast and we are still closer to

the cotton consumer markets such as Turkey, China, India, Bangladesh and Pakistan. In comparison, Mato Grosso state in Brazil is between 1,800 and 2,000 kilometers from the closest ports, many of the roads are not paved properly and we are thousands of kilometers from China and India."

The outlook is also good for beans and soybeans although the soybean seeds require greater adaptation to the soil. The problem is that the Brazilian inoculants did not perform as well as expected and

will have to be replaced this year by others from Argentina and Egypt. (Soybean planting uses inoculated bacteria in the seeds to stimulate the assimilation, as a nutrient, of the nitrogen taken from the air, bringing economic and environmental advantages over industrial nitrogen fertilizers.) Once this has problem has been resolved, the Sudanese



intend becoming self-sufficient in soybean production and may even begin to export the crop which they currently import.

The first production of Caupity-type white beans, estimated at 240 tons, was a reason for celebration by local communities which are affected by food shortages and where an estimated 40% of the population lives below the poverty line. The beans were distributed to a social project and benefited around 2,000 people.

“Many children and adults will not go hungry this year as they will be able to eat beans which are not only tasty but a source of protein, fiber and iron,” says Pinesso. “It was extremely touching to watch the delivery to the communities.” The goal for 2012, he says, is to direct 200 hectares of beans to the social project. Half the beans will be donated and the other half of the donation will be in seeds so that the local communities can learn how to plant and harvest their own food.

In general terms, Sudan has at-

tractive features that reduce the cost of production: the natural fertility of the soil, the gentle landscape and a low ratio of pests and insects. “In Brazil, we use 22 applications of agrochemicals in cotton planting whereas in Sudan you can harvest the crop with only five applications,” says Pinesso. The estimated cost of

Producing in Sudan costs less than half the equivalent costs in Brazil

planting Sudanese cotton is around US\$ 1,100 per hectare whereas the cost in Brazil comes to US\$ 2,400. At the same time, water is not a problem thanks to the abundant quantities from the Nile.

In terms of environmental care, he says the group uses the same standards as in its own lands in Brazil. “We respect the springs. The wood-

ed areas were deforested before we arrived and we have no plans to cut down any more trees. We keep well away from the places where animals drink to prevent any kind of contamination from agrichemicals. We also do not carry out a lot of spraying of the planted area because the soil is very fertile.” They

also ensure a clearance of 400 meters between planted areas to allow the animals to circulate in peace.

Great care has to be paid to the interchange between the Brazilian and Sudanese sides in managing a project of this size and ambition. Pinesso says there are no problems in this sense even though

Planting machinery at work: farming on a large scale

Sudan is an Islamic country where Arabic and English is spoken and has very different cultures and customs. “The Brazilian is welcomed in Africa, probably because of the way Brazil was colonized and the fact that it has never interfered in the conflicts and domestic problems of African countries.” Many

ogy, says Sudan’s ambassador in Brasília, Abd Elghani Elnaim Awad Elkarim. At the beginning of this year, 16 Sudanese agronomists spent five months working at the Pinesso group’s Água Limpa farm in Mato Grosso where they learned Brazilian farming techniques. They also attended the group’s training col-

“When Lake Itaipú was created, the Brazilian government removed the local families to the Novo Ubitatã region and virtually abandoned them,” Pinesso recalls. “We are pleased to see these boys beating the world with the knowledge they have acquired.”

The training center in Mato



1

Brazilians in the team speak some Arabic phrases and shop in the local cafés, stores and supermarkets. “When you meet the Sudanese, they give you a big smile and shout out ‘Kaká’ or ‘Ronaldo’. Football is a flag of peace.”

Brazil has always been an attractive partner for the Sudanese thanks to its agreement to provide cooperation and transfer technol-

lege, the Escola Agrícola EJAP – Eugênio José Antônio Pinesso.

Gilson said some of the Brazilian employees in Sudan were educated as agricultural technicians at the EJAP which was established in 2006 to provide labor free of charge for the agricultural market and create job opportunities for the children of the region’s small farmers, sharecroppers and rural workers.

Grosso also led the Sudanese government to develop a farm training project with Brazilian support. Activities are set to begin in 2013 and 60 students will be taught every year. The Pinesso Group also foresees the creation of private partnerships with local businesses without losing sight of the social nature of its link with the Sudanese government. “We have just brought over

1 Sudanese women in the bean and cotton fields

2 Cotton plantation: exceptional quality

another two farmers, from Bahia, as we intend expanding our business in Sudan,” says Pinesso. He believes there are another eight million hectares of high quality land to be planted.

Pinesso says the distance between Brazil and Sudan does not prevent him from supervising the

distant, unknown place it was two years earlier when he went there for the first time. The Pinesso Group no longer has any doubts over the viability of agricultural undertakings in Africa.

After the first results were collected in Sudan and with the uncertainty left behind, the group arrived

that lie ahead. He sees commercial opportunities with Brazilian groups in developing agribusiness, growing fruit and vegetables, supplying seeds,



2

ongoing works through the Internet and the visits he makes every two months during the planting. “Our employees can even take their laptops into the field and I can see everything and pass on instructions from a distance or exchange idea,” he says. “The quality of the IT system is good and is even better than in Mato Grosso at times.” This shows that Africa is no longer that

in Mozambique. In December 2011, a Brazilian agronomist was sent to Nampula province where the group was studying a pilot project. His job was to get to know the local features, such as the behavior of the plants, pests and weeds. The group aims to plant 1,500 hectares with soybeans and corn in this region.

Sudan’s ambassador Elghani is optimistic about the possibilities

planting cane and selling equipment to produce sugar and ethanol (as has already occurred). “There is an immense potential for initiatives by Brazilian companies in the agro-industrial sector in Africa,” says Pinesso. “We can contribute a lot of know-how, technology and our special way of farming. If we do not do so then we will lose out to other countries that are also very active there.”

Global Brazilians

JBS-Friboi keeps the crown as being Brazil's most internationalised company, according to the Dom Cabral Foundation. While Via Uno is the leader among franchises

ARMANDO MENDES

Shoes and chocolates seem to be the Brazilian consumer products most preferred among consumers in foreign markets, to judge by the results of the new internationalization ranking of Brazilian franchisers, published this year by the Dom Cabral Foundation, in Nova Lima, Minas Gerais. The first three places in this ranking are occupied by the companies Via Uno (shoes), Fábrica di Chocolate and Showcolate (that compete with each other in the confectionery market).

FDC's franchise ranking, published now for the first time, lists 17 national brands, in order of their presence abroad. This can be regarded as a complement to the similar work carried out since 2006 with Brazilian multinational companies of a more traditional nature — those that have set up their own production units abroad. While in the case of franchises, internationalization takes place principally through the licensing of the brand name, accompanied by a service provider model, or the sale of consumer goods to be adhered to by the franchisee.

In the more traditional ranking,

the food company JBS-Friboi maintained its position from the previous year as the Brazilian multi-national with the greatest presence in foreign markets, in proportional terms (in order to assess ranking, the FDC compares assets, revenues and the number of employees of each subsidiary abroad, with the same numbers for the company as a whole, both abroad as well as domestically—see table on the adjacent page).

The resulting index, therefore, measures the relative degree of

The Dom Cabral Foundation (FDC) has created its own index to measure the globalisation of franchises

internationalization of a company — the proportion of its business carried out abroad, in relation to the overall figures —, not taking into account the gross size of the company. Thus, a medium-sized company that is active across the globe, under these criteria, could be more internationalized and others several

times larger, but whose business is largely of a domestic nature.

The FDC 2012 ranking has been calculated based on the companies' performance last year. Although JBS-Friboi maintained its leadership, the subsequent positions have seen some changes. The steel company Gerdau was ranked second this year, followed by Stefani in third place (Information Technology), reversing the result in ranking positions for 2011. Metafrio (metallurgical industry) and Ibope (opinion poll research), ranking fourth and sixth this year, also saw their positions reversed, while the meat processing company Marfrig kept its place at number five.

47 companies are part of FDC's 2012 Transnational Ranking. They have declared higher profit mar-





Unit of JBS-Friboi:
Leadership position
in foreign markets

STRONG WORLDWIDE

Brazil's 20 most internationalized companies

Company	2012	2011
JBS-Friboi	1	1
Gerdau	2	3
Stefanini IT Solutions	3	2
Metafrio	4	6
Marfrig	5	5
Ibope	6	4
Odebrecht	7	7
Sabó	8	9
Magnesita	9	11
Tigre	10	12
Suzano Papel e Celulose	11	8
Vale	12	10
Weg	13	16
Brasil Foods	14	17
Ci&T	15	19
Artecola	16	14
Embraer	17	18
Camargo Correa	18	21
Marcopolo	19	20
Agrale	20	23

Source: Ranking FDC das
Transnacionais Brasileiras 2012

gins in their domestic operations than in their international businesses. But this difference has been declining since 2009, the year that bore the full brunt of the global crisis. And this difference has not prevented them from maintaining

China, India and Turkey are attractive markets for Brazilian companies

their international expansion plans for the future, according to the research carried out by the Foundation, incorporated in the Ranking assessment process.

Other figures from the research show the breadth of the Brazilian multinationals' presence across the globe. They have a presence in 89

countries, with a predominance in Latin America and North America. The European continent comes in third place, practically in line with Asia. But when indicating the markets that are most attractive for future expansion, businessmen from Brazil's multinationals indicate that the picture could change.

China, India and Turkey appear in first place as being the preferred destination for new investments, followed by the United States, Latin America (principally Mercosul) and Africa (in particular, Mozambique). Future ranking editions, therefore, could show an increase in Brazil's presence in Asia and Africa, and a relative decline in a Europe beset by crisis, while the Americas continue to be the most preferred destination.

When going international raises a storm

Brazilian companies are transferring production lines abroad in an attempt to escape high costs at home

LILIAN PRIMI

Since Milton Cardoso, the CEO of Vulcabras, announced publically that it would start producing shoes in India, he has come under great criticism in the company's home state, Rio Grande do Sul. He was called a "traitor" and the state governor, Tarso Genro, described the move as irresponsible in the local press. The criticism was repeated in business and political blogs and echoed in newspapers in Bahia, where the group's production line is located. There was

on the business model. Cardoso has said nothing more about it since then, not even in his role as chairman of Abicalçados, the trade association that represents the sector companies.

The group's decision — to invest in transferring production to other regions with lower costs — is a strategy that has been becoming more common among Brazilian manufacturing companies. They are being squeezed by competition — they regard as unfair — from extremely cheap imported products, particularly from China. The

strong reaction Cardoso faced is due mainly to the job losses in Brazilian industry brought about by the transfer of production to other countries. Before opening the plant in India,

Vulcabras, which owns the Olympus, Reebok and Azaléia brands, closed six plants in Bahia and the production line at Parobé, in Rio Grande do Sul, Azaléia's birthplace. The total number of workers who lost their jobs is just under 8,900 but Cardoso, in the days when he still spoke to the press, denied that the cuts were caused by the migration of production. He claims that were due to the losses the group incurred

Companies that send their production outside Brazil are being looked on unfavorably

a snowball effect and the negative repercussion was reflected — badly — in the performance of the group's shares on the stock market, raising dissatisfaction among shareholders and bringing greater pressure. "I am serving two masters," lamented Cardoso, according to his colleagues, before he hid himself behind a strategic armor. His advisory team confirmed that the operation in India was going ahead but gave no details



JANAINA SILVEIRA



1 Brazilian footwear in a Chinese factory

2 Klein from the trade association Abicalçados: transferring technology

1 as a result of its lack of competition; these losses came to R\$ 316 million in 2011, according to the annual report. The company plans to have 10,000 employees at its new Indian plant.

The Vulcabras episode shows that the move abroad by Brazilian companies also has a controversial aspect. In some cases, it seems to be repeating what has happened in recent decades in the rich, western world where companies started transferring the final technology to emerging countries like Mexico, China and other Asian states. The French called this phenomenon “délocalisation” —meaning the dislocation of the physical production of goods to third countries. The idea behind this concept was that the Americans, Europeans and Japanese would only carry out the “premium” stages of the production cycle — research, development, design, mar-



HANDOUT

keting and finance. The humble task of manufacturing, with its repetitive, unsophisticated drudgery would be the job of the countries that had only recently become industrialized and could provide cheaper labor and attractive tax incentives to foreign investors.

However, the banking and financial crisis of 2008 exposed the risks the advanced economies were running by no longer providing industrial employment to their workforces. When the financial and services sectors imploded, there was no longer any security blanket of traditional industrial work to guarantee skilled and semi-skilled jobs. A debate has arisen in the United States over why the apparent upturn in the economy following the crisis does not seem to have been able to create jobs, the so-called “jobless recovery”. Meanwhile, sectors of the Brazilian economy are taking great strides towards “délocalisation” and business leaders are blaming the structural imbalances of the economy for this process.

“Going international is healthy when there are equal conditions between domestic producers and foreign competitors so they can fight for market share and are not ‘obliged’ to go abroad to survive,” says Paulo Skaf, chairman of the São Paulo State Federation of Industries (Fiesp). “Companies are expanding abroad today not for healthy reasons but because there are no equal competitive conditions.” The economist Antonio Corrêa de Lacerda, professor of economics at PUC-São Paulo, says that the companies’ response to the threat from low-cost imports makes sense from the point of view of the sectors that have been hit by Asian competition but he warns it could have broader negative consequences. “The company has to be pragmatic and remember that what

is the best solution for it is not always the best solution for the country,” he says. He believes that movements like this not only increase unemployment, but also bring the risk of a decline in domestic income and tax collection in the country.

This is a matter of survival for those companies that give up producing in Brazil and “export” their production lines — usually from traditional and mature sectors, such as textiles and footwear. Lawyer Durval de Noronha Goyos Júnior, a specialist in international law, has a term for the combination of obstacles Brazilian industry faces and results in it losing its international competitiveness. He calls it the “devilish triangle: a lagged currency, high interest rates and excess taxation “. Noronha opened a branch of

Textile production fell by 15% in 2011, even with higher sales

his practice in China more than 12 years ago and has witnessed some episodes of the transfer of production from Brazil to China. This is a process which he says usually occurs in three stages. In the first stage, Brazilian companies look for cheaper suppliers in the Far East for their production lines in Brazil which has an impact on the initial stages of the productive chains.

In the textile and fabrics industry, for example, this movement ended up damaging the fabrics and cutting industry which supplied the local producers. Nowadays, one third of all this sector consumes in Brazil comes from abroad, according to the superintendent director of the Brazilian Association of Tex-

tiles and Garment Makers - Abit), Fernando Pimentel. “If nothing is done to recover the competitiveness of our small garment makers, the same thing is going to happen to all of them in three or four years,” he warns. The figures from the sector show that domestic production of textile products and garments fell by 15% and 4%, respectively, in 2011 although retail trade grew by 4% and imports were 40% higher. Pimentel says that this situation led to the loss of 13,000 jobs. “We created 63,000 direct jobs in 2010. If we add the posts that were not created to those that were lost and those indirect and dependent jobs, 280,000 people could be affected,” says Pimentel.

Noronha says the second stage is when companies, in their constant pursuit of low costs, start to set up representative offices abroad to improve their transactions with suppliers. Some links of the production chain also begin to be transferred

abroad. In the case of footwear, this movement led Brazil to export specialist labor in tanning and finishing leather and technical specialists who work in the development of the product — the bridge between the designer who creates the shoe and the workers who make them. “There are many Brazilians working in Guangdong province which basically produces goods for the United States and Europe,” says the executive director of Abicalçados, Heitor Klein. This stage results in Brazil losing part of its export market which is now met by China. “The Brazilians introduced the technology the Chinese shoe manufacturers did not have,” says Noronha.

The third stage, seen more re-



Darling
campaign; not
enough volume
to outsource

liances with the enemy to protect themselves from it. Hering from Santa Catarina state became a case of good management and managed to escape from a pre-bankruptcy situation by going into the retail business, a strategy that could only be implemented by importing Chinese products. Although the parts that are imported from China are clearly identified to the consumer in its stores and the company explained in its annual report that importing was a strategy to reduce costs while meeting the rapid growth in sales, Hering avoids talking about this subject publicly.

However, China is not the only destination of these companies. China is an impossible goal for some manufacturers due to what the market calls the “Chinese dimensions”. Last year, for example, two shoe producers from Rio Grande do Sul state, Paquetá and Schmidt, transferred production lines to Central America. Schmidt took its whole production of 4.5 million shoes to Nicaragua and Paquetá sent part of its annual production of 10 million shoes to the Dominican Republic, which has free trade agreements with the United States, the biggest market for Brazilian shoes. “Some companies even tried to go to China, but the minimum quantity required is enormous,” says Klein of Abicalçados. The Labor Ministry says the sector lost 11,188 jobs in 2011.

The barrier of the “Chinese dimensions” has also prevented a larger number of Brazilian garments makers from outsourcing their work in China until now. “Only those with their own retail chain will succeed,” says Ronald Moris Masijah, owner of Darling, a lingerie producer that

cently, is when Brazilian companies start to form joint ventures, partnerships and set up production lines in China, particularly in the autoparts industry and ceramics sector. “The companies go there because everything is easier, cheaper and more efficient,” Noronha says. He explains why by breaking down the components of what is usually called the “Brazil’s cost” and making a comparison with the Chinese figures. Interest rates in Brazil may be falling but they are still among the highest in the world while they come to 0.5% in China.

Chinese companies pay only eight tax rates which have a cumula-

tive weight equivalent to 24% of the China’s GDP. The tax burden in Brazil comes to around 35% of GDP and the weight of the taxes in product prices is more than 40%. Brazilian industry still suffers from an inefficient infrastructure which increases the logistics expenses that represents 4.4% of the product price, according to Fiesp studies. “The sum of these factors is enough reason to lead companies to transfer their production to China,” the lawyer says.

The result it is that at least one part of those extra 40% of imported retail textile products reach Brazilian consumers through domestic producers which have formed al-

tried to move production of its pieces to the region of Guangzhou, China's second-largest city, better known as Canton in the West. "My partner and I visited at least 12 plants at the end of 2008 and beginning of 2009. They have everything, from very cheap clothes that can be sold by street traders to quality items for sophisticated brands," he says. The two partners even selected two plants, sent the models from Brazil, received the proof copies and priced one of the items. "We found that the production price in a Chinese plant with similar quality to ours meant we could sell every item in Brazil at 40% less, even after paying all the taxes and freight," he says.

The problem was the minimum order which came to one container per collection. "We are talking about 100,000 items. If the mix does not work out, we lose," says Ronald referring to the number of items of a certain color and size estimated by the marketing department to which Brazilian production is adjusted in line with the first sales. "We begin cutting half of what we need and then wait for the first sales results before making the adjustments. Adjusting the line in China would take six months," he adds.

On the other hand, the "Chinese dimensions" helped the trading company Bracomex, based in the Espírito Santo state, in its plan to create a ceramic brand in Brazil called Elite. The company had previously operated exclusively in trading but decided to produce ceramics in China to meet Brazil's emerging C class consumer market. The aim was to offer these new consumers sophisticated items that had previously only been available to the A class. "As local companies were not serving these consumers, our imports of porcelain began to expand

rapidly," says Bracomex director, Frederico Vassen. "That was when we created a line with this particular pattern that would please our consumers and sell it at Chinese prices."

Ceramic companies have started to take their plants to Asian countries

In the first year, 2006, Vassen imported three containers with around 4,000 square meters of polished porcelain tiles, a state-of-the-art product for ceramic floors, made in China to a design created in Brazil. Last year, it imported 54,000 square meters of coated material from Chinese plants from the Foshan region which produced quantities exclusively for the brand which

is sold in Brazil for R\$ 50 a square meter. "This year we will easily fill 600 containers, or 800,000 square meters," says Vassen who believes he can attend the C class at this price.

"Today you can find porcelain tiles at R\$15 per square meter in the retail sector," says the chairman of the National Association of the Producers of Ceramics for Coating (Anfacer), Antonio Carlos Kieling. The cheapest similar items produced in Brazil cost at least R\$ 70 per square meter (polished porcelain tiles in large formats). "This ends up compressing the chain as a whole and is the death knell of the domestic industry. Companies stop investing in product development which represents the future of the sector," warns Kieling. The transfer of production has led to the loss of



HANDOUT



Bracomex's Vassen: floor tiles for the C class

competitive. Although this is a niche that represents less than 5% of total production of the sector — around 845 million square meters in 2011 — it is the product with highest added value.

The unease brought about by this situation was seen at the beginning of April when companies and workers held an unlikely protest in São Paulo in favor of employment. Figures from the trade associations of the three sectors most affected by Chinese competition — footwear, textile and ceramics — show that the transfer of production has led to almost 30,000 jobs being lost in Brazil over the last two years.

Economist Corrêa de Lacerda believes Brazil needs a more appropriate industrial policy. "It should create conditions that prevent the transfer, pure and simple, of production, through macroeconomic measures that ensure our competitiveness," he says. This strategy could include temporary measures, such as restricting imports, provided they are combined with tackling problems that are as old as they

to local production," Lacerda claims.

This is already happening. Ceramics and footwear pay the maximum import duty of 35% while shoes from China also pay an anti-dumping duty, set at US\$13.5 per unit, a measure that has upset many companies in the sector, according to market sources. However, in neither of the two sectors have these barriers discouraged imports. "The import duty was raised from 14% to 35% in October of last year and we passed it onto the retailers without losing any sales," says Vassen of Elite — a company regarded as a cuckoo in the nest by the traditional companies in the sector. In the case of shoes, figures from Abicalçados show that the importers have started to bring in shoes in parts that enter as shoe leather — the upper part without the soles — to avoid paying the tax which is levied only on complete shoes. "They also make a triangulation with Vietnam," says Klein. "Imports in the sector have increased by 45%."

The companies are calling for the anti-dumping tariff to be extended to the shoe leather imports from China and complete shoes from Vietnam and Indonesia. The government has prom-

ised to do so at the beginning of the second half of the year. It seems that the still heated domestic market, despite the worsening in the outlook for the economy, will continue to encourage the expansion of this unusual situation arising from the internationalization of the Brazilian economy — an imported products made abroad by a domestic company.

around 5,000 jobs in this sector over the last two years, according to Anfacer figures.

A study by Fiesp shows that Brazilian industry's contribution to the increase of 1.2% in apparent consumption registered in 2011 was equivalent to only 0.55 of a percentage point. The rest (which corresponds to 0.65) came from imports, many from China. "Going international is only good for Brazil and its companies when it does not replace production lines," says the economist Corrêa de Lacerda.

The loss of jobs is not the only damage. If Brazil has lost sales on the foreign market in the footwear sector, one of the risks in the case of ceramics is that there could be a technological sequel. The big Brazilian ceramic makers have outsourced a large part of their production of porcelain tiles to Chinese plants to reduce prices and become more

Central America is also receiving companies that have relocated from Brazil

are serious, such as tax reform and controlling public spending. Those companies that decide to produce abroad to supply the domestic market should also not forget that this brings risks for them, such as greater protectionism. "The risk for the companies is that the Brazilian government could raise barriers, such as taxes, quotas and limits on government buying and give priority



Live expansion

The Brazilian production company Cinevideo wins a growing share of the voracious African market

GUSTAVO MARCONDES, BRASÍLIA



In 2007 Mônica Monteiro, executive director of Cinevideo, made an initial contact with a television network from Mozambique at an international trade fair organized by Mipcom. She did not hold out much hope and was greatly surprised when she was called on the following year to take part in a large-scale project: to train a team for a project to film Mozambique's first soap opera. This breakthrough marked the beginning of a path that has transformed Cinevideo into the largest Brazilian producer of audiovisual content in Africa.

"They wanted us to train their drama team," says Mônica. "We decided the best way of doing this

was by making the film". A mini-series called *N'Txuva vidas em jogo* (*N'Txuva, lives in danger*) was recorded with the participation of 25 Brazilians and over 100 Mozambicans and directed by Alê Braga. It was instant success in Mozambique. The series consisted of 15 television episodes lasting 15 minutes and presented a story with references to public utilities and covered issues like malaria, cholera, AIDS and other illnesses. The aim was to raise awareness among the local population and encourage people to prevent the spread of these diseases.

The project was funded by the American embassy in Maputo, with strong backing from the local government which included a techni-

cal analysis of the script by a public health adviser. "The involvement by the Mozambicans in the filming was so impressive that we were also affected and decided to stay on and edit the show," Mônica says. Cinevideo realized that was an enormous potential in this market and went even further by opening an affiliate company in Maputo in October 2008 under the name *Cine Internacional*.

"The success of this project

African women
in the documentary
film *Mama Africa*: new
vision of the continent

opened a number of doors for us on the continent. Angola is now the main buying market because they speak Portuguese. However, other countries, like South Africa, have also commissioned films and documentaries,” Monica says. Cinevideo’s Mozambican subsidiary now has 10 employees, only two of whom are Brazilian, and serves as the base for a number of the company’s productions in Africa and other continents.

“It is a market with an enormous potential. There is no shortage of local professional quality, just a lack of production knowledge. Once this has been sorted out, and that is our mission, we will see that African production is as good or even better than anywhere else,” adds Mônica who founded Cinevideo in Brasília 14 years ago. The company now also has an office in São Paulo and is reaping the rewards of its trailblazing investment in a market that is



IDEAL SCENARIO

THE ADVANTAGES that attract foreign productions to Brazil. Brazilian producers have not always enjoyed the respect they currently have on the international market. The fact is that Brazil took a long time to find its place in the audiovisual area. Cinema played its pioneering role but it was advertising that made the breakthrough and gave the producers their credibility. Prior to 2000, Brazil was still regarded with some mistrust, due to its reputation as an unsafe place as well as question marks over the quality of the service provided. The low price

was the initial attraction but the skills and creativity of the Brazilian professionals soon became the determining factors in consolidating the market.

“Brazil now offers a series of advantages to foreign productions,” says João Roni, a producer with Ocean Films, a company founded in Santa Catarina in 1999 which has won a number of awards for its commercials, documentaries and videos. Ocean now has an affiliate company in Buenos Aires, Argentina. “In Brazil, we can reproduce any world setting from China to Africa or Europe,”

says Roni who is also the director of the Santa Catarina Audiovisual Industry Union. “Our locations can be adapted easily, as can the cast, thanks to our ethnic diversity.”

Another factor that boosted the Brazilian producers’ growth on the international market was the partnership with the federal government, particularly through agreements made with the Brazilian Trade and Investment Promotion Agency (Apex) in 2005. Apex works with three separate market segments (TV, cinema and advertising) and handles each one in a specific way.



HANDOUT
1

Executive Mônica:
“You need to show
your face in Africa”

still looked on with some mistrust. “If you are going to form good partnerships, you need to show your face, hold lots of discussions and understand trends. Foreigners are not just interested in our beaches and traditional street parties.”

After N’Txuva, vida em jogo, Cinevideo undertook other large-scale projects in Africa which were also linked to social causes. Mônica believes one of the reasons for the company’s success is precisely because it has tried to understand and work with the situation on the ground. “You need to understand the culture to work in Africa. There is a lack of resources but no shortage of opportunities to open the market up,” she says. “However, to do so, you must be there, get to know people and what their demands are.”

Cinevideo plunged more deeply into the African reality in its fol-

In the case of cinema, for example, Apex has a partnership with the Cinema do Brasil program that promotes exports of Brazilian films created by the São Paulo State Audiovisual Industry Union. Apex promotes a number of initiatives, such as supporting showings in festivals, encouraging co-production, subsidizing distribution abroad, and arranging direct negotiations with sales agents and meetings between Brazilian and foreign producers. “It has nothing to do with publicizing the national culture but the commercial promotion of the Brazilian

cinema,” says Christiano Braga, Apex’s manager of creative business projects and services.

Apex supports television production companies with similar projects where the main aim is to sell the content. The initiatives in the advertising area are carried out in partnership with the Brazilian Audiovisual Works Production Association (Apro) through the Film Brazil project. In this case, Apex works to bring locations and filming to Brazil through initiatives that highlight the advantages of producing in the country.

The 10-year agreement between

Apex and Apro was renewed in May, with foreseen investments of R\$ 4.5 million in the coming two years. The partnership led to foreign commercials amounting to US\$ 11.5 million being made in Brazil in 2011. “The Brazilian advertising production segment is recognized as one of the most creative in the world and our partnership with Apro has been a contributory factor in expanding this reputation even further,” says Rogério Bellini, Apex’s business director. He gives as an example the trend in the coming years towards growth on all audiovisual content platforms.

lowing show, a documentary called *Mama África*. The team visited 10 countries to produce it - Mozambique, Tanzania, South Africa, Senegal, Malawi, Morocco, Swaziland, Guinea-Bissau, Cape Verde and Ghana. The idea was to present an alternative view of Africa, showing that it was not only a continent afflicted by problems. The film was also directed by Alê Braga and includes comments by unknown and well-known Africans, such as the Mozambican saxophone player, Moreira Chonguiça, and his fight to turn Africa into a better place. The documentary was a great hit at a number of festivals.

Cinevideo is currently filming a new television series about the

lives of 15 African presidents which is also scheduled to be shown in Brazil. Mônica believes the best opportunities for Brazil's audiovisual producers lie in places where there

Mônica: "The best opportunities are where there is less know how"

is less know how. "It is more difficult to compete with local producers in Europe or the United States but there is still plenty of room for growth in a number of other places," she claims.

One of the projects the company concluded last year represented an even bigger leap ahead. *Tambores* (Drums) is a documentary that was produced in partnership with the Arab TV network Al Jazeera and directed by Sérgio Raposo. It shows the influence of the drum in different cultures around the world.

Cinevideo's team of just five people visited China, Qatar, Portugal, Brazil (Maranhão) and a number of African countries to make it. Al Jazeera broadcast *Tambores* to 43 countries in the Middle East and Africa.

FISH INSIDE WATER

THE PEIXONAUTA series opens the way for Brazilian animation abroad. One of the Brazilian audiovisual products that is currently attracting the greatest foreign attention is animation. This was the niche that the São Paulo production company TV Pinguim turned into a great success at the end of the last decade with the *Peixonauta* cartoon series which features a cartoon fish character. As with Cinevideo, it was the pioneering spirit that led to this great breakthrough. "The market practically did not exist for us around 2004. We were going to international trade fairs and people were surprised to learn that animation work was being carried out in Brazil," says producer Kiko Mistrorigo. It was at one of these events that TV Pinguim founded a partnership with Discovery Kids to make



HANDOUT

a series. *Peixonauta* made its debut in 2009 and shortly afterwards became one of the most popular programs on Brazilian cable TV.

TV Pinguim is currently producing the second season of *Peixonauta* (52 episodes lasting 11 minutes) as well as a full-length film featuring the prize-

winning character. Another project the company is involved in is another full-length film, *Tarsilinha*, inspired by the visual world of the modern painter Tarsila do Amaral. "Everything is still new and the market is maturing but Brazil is the current favorite. We are regarded as good business partners," says Kiko.



IT IS NOW BRAZIL'S TURN.



BE ONE OF THE FIRST TO TAKE ADVANTAGE. ADVERTISE IN PIB MAGAZINE.

If you want to expand the frontiers of your business or even form partnerships and joint-ventures with Brazilian companies, this is the right place to find information, learn about the latest globalized developments in Brazil, discover trends and publicize your company.

PIB takes your brand and message to highly qualified readers all over the world - executives from large corporations, business leaders, well-known academics, opinion-formers and outstanding personalities in the financial market, politics and the economy.

The magazine appears in Portuguese and English and is distributed in embassies, universities and the most important international trade fairs.



TAKE ADVANTAGE OF THE GOOD
MOMENT BRAZIL IS EXPERIENCING TO
EXPAND YOUR COMPANY'S HORIZONS.

CALL NOW AND FIND OUT ABOUT THIS
SPECIAL OFFER WE HAVE PREPARED
FOR YOUR ANNOUNCEMENT.

PIB
PRESENÇA INTERNACIONAL DO BRASIL

(55-11) 3097-0849
publicidade@revistapib.com.br

www.revistapib.com.br

Globe-Trotter

EXECUTIVE TRAVEL

Marco
Rezende

LEISURE

Cool Trancoso

FROM A HIPPIE retreat in the 1970s to a cultural heritage of humanity, according to a Unesco ranking, the kaleidoscopic Trancoso never ceases to amaze. Etnia, one of the most charming villas in the center of Trancoso (referred to as Quadrado, literally rectangular) has become a reference as a location, good tropical taste and the luxurious atmosphere of the gardens, where eight bungalows are hidden away. A few months ago, the villa-boutique expanded to the beach, inaugurating the so-called Sea Club – in practice, another villa, totally on the sand. Instead of chalets, real houses inspired on Bali, each with around 100 square meters and the same refined and informal service of Etnia. www.etniabrasil.com.br

ROMULO FALDINI

1

TECHNOLOGY

Help in the palm of your hand

EVERYONE USES a mobile phone to find friends, restaurants or routes. A new iPhone app called Emergency Medical Center Locator (EMCL) indicates the best hospital for some emergencies anywhere in the world. The service is recent and still incipient in Brazil, for example, but it is improving. The recommendations cover six specific areas: traumas, AVC, ophthalmology, pediatric, cardiology and burns. “Going to the right hospital in an emergency avoids wasting time and strongly increases your chances of recovery”, says the app creator, US doctor Bruce Moskiwitz.

HOTEL

Signed, Bulgari

THE RITZ-CARLTON group has established a partnership with the Italian jeweler Bulgari for a line of luxury hotels. The first two were opened in Milan and Bali and it has just opened the third, in London (in the right district, Knightsbridge). The London Bulgari has 85 apartments and suites, a spa, an internal cinema, an Italian restaurant and even a cigar room for cigar lovers.

HEALTH

The plane and your headache

AN ARTICLE in the US medical magazine Cephalagia (associated to the Mayo Clinic) by four Italian researchers shows that headaches on airplanes are so frequent and common that, for executives who travel a lot, they can be included among professional hazards. The symptoms of this “airplane headache” are so specific, according to the survey taken with 75 patients, that they should be classified as a new type of cephalic condition by the International Headache Society. A typical attack lasts less than 30 minutes in 95% of cases, is related to the descent and landing phase, is unilateral (only affects one side of the head) and mainly affects men, without other symptoms. One hypothesis (but only that) raised by medics is that the attack is a form of “barotrauma” – complicated word that refers to the damage caused by the pressure difference between the internal atmosphere of the body and the external environment. So far there is no cure...the research continues.

GAMBLING

Place your bets, gentlemen

CASINO IN the US is synonymous with Las Vegas or a native venture – i.e. those casinos that many “native Americans” opened in the reserves, when their relative sovereignty was recognized by the Supreme Court. Miami will innovate with a new casino as part of a mega real estate project, called Resorts World Miami, intended to transform an immense coastal area along Biscayne Bay. The project is of the Genting Group, from Malaysia. The casino alone should make 2 billion dollars per year (the world record, held by the same group, is the Wynn Macau casino, which makes 4.5 billion dollars). The Miami casino will offer 5,400 hotel rooms, residential condos, shopping malls and a marina. www.rwmiami.com.

1 Etnia villa, in Trancoso: now with a foot in the sand

2 Lively Las Vegas: a casino for Miami as well

2



BIA PARRERAS



GASTRONOMY

São Paulo doing well

THE ANNUAL ranking of the English magazine Restaurant featuring the world's top 100 Restaurants (based on voting by sector professionals) has already featured a Brazilian celebrity chef for several years, Alex Atalla, from D.O.M. (in São Paulo). But now there are three well-ranked Brazilian restaurants. In 2012, D.O.M. rose up to the 4th best in the world, the Rio restaurant of Roberta Sudbrack joined the list in 71st and the São Paulo restaurant Mani, of Helena Rizzo, rose from 74th to 51st. Roberta Sudbrack, who was chef of government cuisine when Fernando Henrique Cardoso was Brazil's president, produces a consistent and creative cuisine, with no space for trends and fads. Helena Rizzo, an ex-model from Rio Grande do Sul, transformed her São Paulo address – where she shares control of the kitchen with her husband and chef Daniel Redondo – into the right place for a memorable dinner and also to see and be seen.

1



ETIQUETTE

Paris is a party (for business)

ACCORDING TO CNN Money Global 500 (ranking of the largest corporations) last year, the French capital is home to more multinationals than any other European city. 33 of the 500 largest companies in the world have their parent company in the French capital. The city celebrated by Hemingway, Woody Allen and adored by Brazilian politicians is also proving strong in innovation. In December 2011, Google inaugurated (at the cost of 131 million dollars) an R&D Center and the European Cultural Institute in the 9th Arrondissement. Data compiled by the

Paris Development Agency, an entity attracting investments and new businesses, show that the city has the fifth largest concentration of researchers in the world, as well as a formidable number of graduate and post-graduate courses in administration and business. With recent reforms, it is now easier to open companies, hire people and take advantage of tax exemptions. CNN listened to US executives and businessmen with vast experience in Paris to advise those looking to explore this favorable business environment not to risk losing everything by breaking local habits and rules. A summary:

||| DON'T be in a hurry, the decision process is slower and more complex than in other countries. At lunch, people usually talk business after the meal, over a cup of coffee.

||| THE French like long-lasting relationships, at least in business anyway. Constructing a relationship over time favors partnerships.

||| IN the capital of luxury, dress elegantly. Quality and shiny shoes and fine clothes are obligatory (which includes a tie for men).

||| GOOD appearance and good manners are more important than punctuality – small delays (10-15 minutes at the most) are tolerated.



LOUNGES

Comfort on arrival

SWISS AIRLINES has inaugurated in the departure area of the Zurich airport a brand new lounge for executive class fliers arriving from intercontinental flights. The comfort is even greater on board: 20 showers, three hotel-esque rooms, ironing clothes, hot and cold buffet, 10 individual work stations, reserved areas for telephone calls and free internet all over the 700 square meter environment.

1 The chef Helena Rizzo: Mani one of the world's best

2 Swiss Airlines lounge in Zurich: comfort upon landing

1

||:| **WHEN** in doubt, err on the side of formality. No patting on the back. Don't expect to make instant friendships or intimate relationships: some foreign executives in Paris were only invited to the houses of their local partners after ten years.

||:| **SHOW** interest in food and wine, a topic that the French love. And try and say at least a few phrases in French (although the French are no longer known for only speaking French).

||:| **AND**, please, have a calling card translated into French.



Globe-Trotter

EXPRESS TOURISM

DOHA,

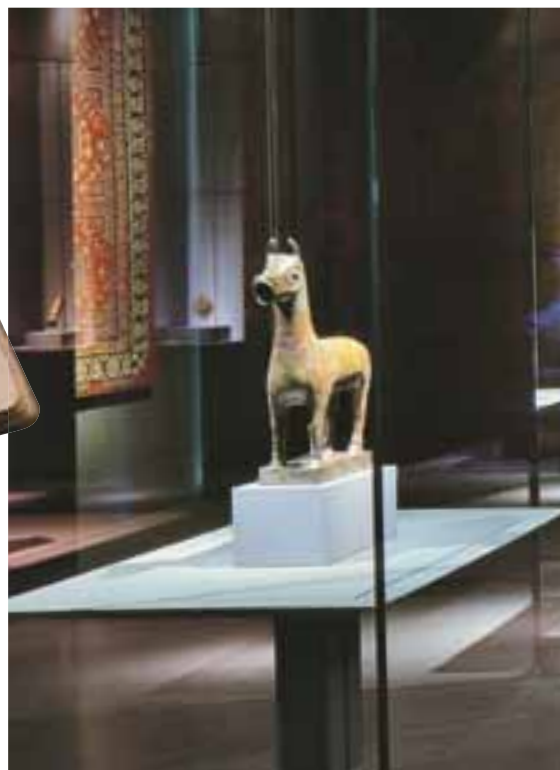
by Leonardo Pinheiro (*)

DOHA is the capital of Qatar, a small country wedged into the Arabian Peninsula, to the East of Saudi Arabia. Known for being home to the Al Jazeera TV network, Qatar grew rich in the 1940s with the discovery of oil and, mainly, natural gas. Before that, it depended on fishing, camel breeding and pearls. After gaining its independence in 1971, the country refused to become part of Saudi Arabia and the Arab Emirates. It preferred to become an independent state. Today, it has one of the fastest-growing global economies and, since 2010, is the country with the world's highest income per capita.

2



HANDOUT





1 The Museum of Islamic Art: a walk through Islam

2 Copy of 16th century Koran: highlight of the collection

3 Ceramics from all over the old Middle East

LOIS LAMMERHUBER



LOIS LAMMERHUBER / HANDOUT

If you have a few hours...

UPON LEAVING the airport, the visitor will immediately catch a glimpse of the bustling Corniche, a 7km waterfront promenade that extends all the way to Doha Bay. There, tourists can visit many of the local attractions such as the Museum of Islamic Art, the Souq Waqif market and the gold market. Another major attraction is the Museum of Islamic Art. Opened in 2008, it was built by the architect I.M Pei, who was also responsible for the Louvre Pyramid in Paris. The Museum of Islamic Art is home to one of the world's largest Islamic art collections, featuring objects from Iran, Central Asia, Egypt, Syria and Turkey. The museum is one of the city's architectural icons and reflects the essence of Arab design. Entry is free of charge.

*

Leonardo Pinheiro is a political scientist and international politics analyst and works for the Qatar government.

If you have the entire day...

WHY NOT add a trip to the souqs, as the local markets are known. Souq Waqif is Qatar's most sumptuous market. Constructed on an ancient Bedouin market and remodeled in the last decade, it preserves the form and style of the old Arab markets. The main street features restaurants offering different cuisines (Qatari, Indian, Lebanese, Iraqi, Moroccan, French, Italian and Asian) as well as coffee shops with the traditional shishas (smoke pipe, or hookah), ice-cream stores and a whole host of shops. The surrounding area features a web of narrow corridors full of stores selling everything from fabrics and handicrafts to spices. Those hunting bargain buys simply must visit the souqs. Next to the Souq Waqif is a Falcon Market. Falcon breeding is a strong tradition in Arab countries. It was one of the favorite pastimes of Bedouins, who would tame falcons in order to capture small animals. The market sells already tamed falcons. For your final visit, why not go to the neighboring Gold Souq (gold market), easily the best place to buy jewels.

2





1

If you have the entire weekend ...

DOHA HAS an impressive number of shopping centers, the best of which are City Centre, Landmark Mall, Centrepont, Hyatt Plaza, Royal Plaza, The Mall and Lagoona. The Pearl is a real must. It is a mega construction built on an artificial island, and is home to trendy fashion stores, restaurants, residential condos and a marine. Buying at the Doha shopping malls is synonymous with having a good time.

THE RULES for getting into nightclubs are very rigid. Entry is only permitted for people aged 21 and over and passports are always requested at the door. The Crystal Lounge, which operates inside W Hotel, is one of the best places for a relaxing night. Another trendy nightclub is Lava, at the Intercontinental Hotel, where every day of the week is a different theme. Sunday is Lebanese music. Monday is Ladies Night. Tuesdays (in alternating weeks) offer nightclub goers the chance to listen to romantic and 1980s music. Wednesday nights are Arab music. Thursdays and Fridays are electronic music. And, finally, on Saturdays, Bollywood dance is the chosen genre. In Qatar, foreigners can consume alcoholic beverages at the hotels.

CELESA HORVATH / WIKIPEDIA



3

WITH ITS cosmopolitan restaurants, Doha offers an impressive gastronomic variety. One recommendation is to try the Souq Waqif restaurants, especially Tajine (Moroccan food), Le Gourmet (international), Al Bandar (seafood) and Al-Adhamiyya (Iraqi). One of the most traditional Doha dishes is the shwarma. Adored by the locals, it is made out of chicken or beef strips roasted on a vertical spit and served inside pita bread – it is basically the Greek souvlak, the Turkish kebab or, in a less glamorous version, our good old Brazilian friend the so-called “Greek barbecue – a spit containing leftover cuts of meat”.

DOHA IS also home to excellent restaurants run by Michelin Guide award-winning chefs. One of them is the Saffron Lounge of the Indian chef Vineet Bhatia. The Asian-inspired Spice Market restaurant, run by the chef Jean-Georges Vongerichten, is another great option. La Maison du Caviar, an internationally famous French bistro, and the brand new, luxury Gordon Ramsay eatery, located in Hotel Saint Regis Doha, are also excellent places.

A GREAT thing to do in Qatar is to go on a desert trek in a 4x4 vehicle, which generally travel the Inland Sea, a huge inlet surrounded by rolling sand dunes. The drivers are proud to show visitors the country’s desert landscape. After the tour, which can be done at day or night, visitors like to taste a typical Arab meal in tents on the edge of the Gulf. The most enthusiastic can try their hand at a camel ride, or go up the sand dunes on a quadricycle – usually a popular activity with Western visitors.

HANDOUT

1 The Corniche Doha: seven km promenade

2 Souk Waqif restaurants: vast variety

3 Offroad ride at Inland Sea: a must

Globe-Trotter IN TRANSIT

Luciano (left)
with clients in
Shanghai: never
say the price first

A guide to the new land of giants

FABIANO CARVALHO

AS PARTNER-OWNER of CNA – Consultoria em Novas Aplicações, a company based in the Technological Park of São José dos Campos and focused on the development of tailor-made solutions for plastic and stamping injection tools (CDR), I frequently travel to several countries. But with the repercussions of the international economic crisis, one of these countries has become an almost exclusive destination for me: China. I first went there in 2010, when I visited the regions of Taizhou, Shenzhen and Whenzhou. Since then I have visited the Asian giant another 14 times. I have already taken three Brazilian businessmen to the country, who acquired hundreds of thousands of dollars in Chinese products.

I can say that I have amassed decent experience in the country. At our office in São José, six employees provide assistance to our clients in technical subjects linked to the development or purchase of moulds and tools. Such purchases require us to treat clients' needs technically. If the specifications aren't clearly defined and presented, we run the risk of receiving price quotes with very low values and, consequently, the quality will also be inferior.

The clients who accompany me

on these trips feel more comfortable and confident due to my experience. I always look to pass on some small secrets to them. The main one? Never mention a target price when buying a Chinese product. It offers a clue on how much we want to pay. If you say it right off the bat at the negotiating table, it is very likely that, later on, you will have no room for maneuver. So, keep the amount you plan to pay under wraps and always hold out for the first Chinese offer. From a practical standpoint, I always alert them to two facts. I call attention to the fact that, on many internal trips in China, train transport is much cheaper and efficient. When

it comes to food, my tip is to pay attention to hygiene, since stomach bugs and intestinal infections are very common.

Since trips to China are long and tiring, I always recommend that, on the return leg, you make a stopover in Europe. This allows you to better adapt to time differences, since there is a 12-hour time difference between Brazil and China. A great place to do this is Istanbul, the Turkish capital, with its palaces, mosques and the stunning Bosphorus strait, which separates the European and Asian continents. It is a beautiful way of celebrating the discovery of a new supplier or the closing of a major deal.

*

Fabiano Carvalho, businessman and partner of CNA, and technical expert in plastics, trained by Senai and with a degree in Financial Management from Fatec Internacional.



ARQUIVO PESSOAL

Blue Tree Hotels & Resorts

Here you are special in every way



FLORIANÓPOLIS

LINS



SÃO PAULO



MANAUS



JOINVILLE



PORTO ALEGRE



RECIFE



CURITIBA



CAXIAS DO SUL



FORTALEZA



MACAÉ



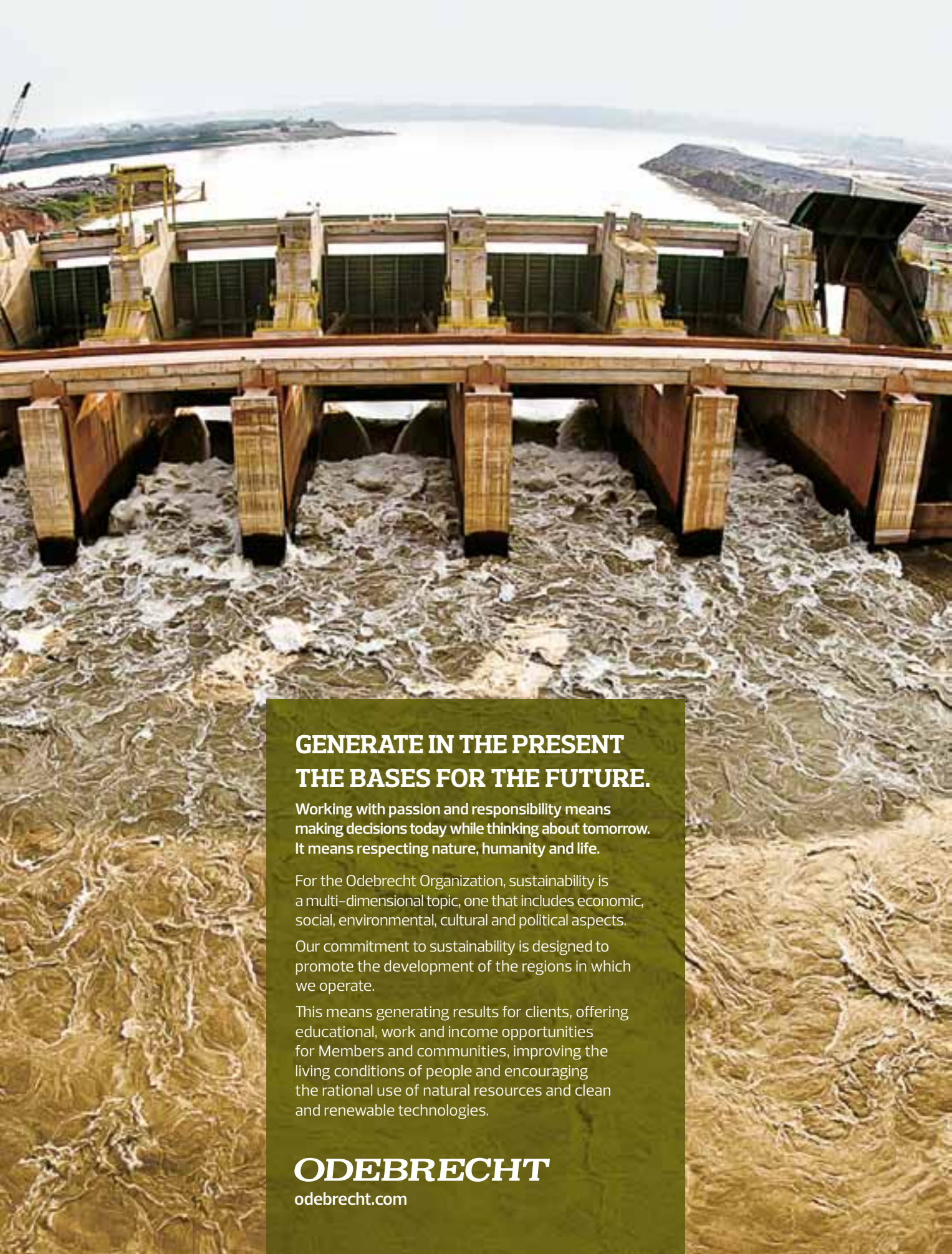
LONDRINA



GOIÂNIA



TERESINA



GENERATE IN THE PRESENT THE BASES FOR THE FUTURE.

Working with passion and responsibility means making decisions today while thinking about tomorrow. It means respecting nature, humanity and life.

For the Odebrecht Organization, sustainability is a multi-dimensional topic, one that includes economic, social, environmental, cultural and political aspects.

Our commitment to sustainability is designed to promote the development of the regions in which we operate.

This means generating results for clients, offering educational, work and income opportunities for Members and communities, improving the living conditions of people and encouraging the rational use of natural resources and clean and renewable technologies.

ODEBRECHT

odebrecht.com