

PIB

BRAZILIAN COMPANIES GO INTERNATIONAL

■ ■ IMAGE

The new global face of Embraco

■ ■ AVIATION

The KC-390 is Embraer's bet in the defense market

■ ■ DESIGN

Brazilian design is starting to make its mark

Priscilla Shumate:
Nike's senior
marketing director
for 2016 Olympics

The Brazilian
female
executives
running
companies
abroad

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Contents

10 ANTENNA

- + Will Neymar become a global brand?
- + German support for protests in Brazil
- + TEDGlobal event to be held in Rio in 2014
- + Brazil lags in the peace index
- + José Bonifácio, Brazil's traveling Patriarch
- + Giant Valemax vessels arrive in China
- + Australia tussles for Brazilian students

38 MARKETS • The rapid growth and high purchasing power of Arab countries leads to a fivefold increase in bilateral trade with Brazil within a decade

SUZANA CAMARGO

56 ARTICLE • Brazil's Roberto Azevedo, the WTO's new director-general, faces the challenge of multilateralism

VERA THORSTENSEN

68 SMALL BUT OUTSTANDING • Technology is the passport for São Carlos-based MMO to conquer the international dental equipment market

ANTONIO CARLOS SANTOMAURO

74 EXECUTIVE TRAVEL • Chile will shortly become the first Latin American country whose citizens no longer need an entry visa to the US

MARCO ANTONIO REZENDE

68 IN TRANSIT • Bruno Fiorentini Junior, Microsoft Advertising executive for part of Asia and Oceania, gives a personal account of the unique features of Oriental culture



HANDOUT

20 DESIGN

Small and mid-sized companies spread the quality of Brazilian creations all over the world

DARIO PALHARES





46 COVER

The smooth, persuasive style of Brazilian women executives like Nike's marketing director, Priscilla Shumate, lead companies abroad

ADRIANA SETTI

TAEVON LIM



30 GOING INTERNATIONAL

Embraco gets a new logo to show a more consistent global presence and more flexible approach to each market

LAURA KNAPP

HANDOUT



60 AVIATION

Embraer pins its hopes on the KC-390 transport plane, the result of a partnership with three countries, to keep growing

ARMANDO MENDES

HANDOUT

HANDOUT



80 EXPRESS TOURISM

Lake Geneva, mountains, history, culture, wines and raclette. There is no shortage of attractions in the beautiful Swiss town of Lausanne

ROBERTO ABRAMOVICH

The power of the female touch

We kick off this edition of PIB talking about women. More precisely, Brazilian women who have forged their careers abroad, occupying leading positions at large or small companies and organizations. Our reporter Adriana Setti, based in Barcelona, spoke to these women to discover the ingredients of their successful career paths. Among other things, she discovered a subtle and important difference in Brazilian women's way of running things, something even HR consultancy firms picked up on: they are more willing to convince, motivate and negotiate rather than impose themselves via their position in the command chain. Adriana's article, "The Power of the Female Touch", starts on page 46.

A light tropical touch is also a key aspect of another article: Brazilian design, which has been winning awards and international recognition at contests such as the German iF Design Award. Unlike in many other countries, where industrial heavyweights are also the largest promoters of quality design, in Brazil it is generally small and medium companies that use quality design to capture markets both inside and, increasingly, outside the country.

And this edition of PIB offers so much more: we show, for example, how fast-growing Arab nations (with strong purchasing power to boot) are becoming priority targets for Brazilian companies' internationalization. We tell the story of Embraco, one of the first national companies to conquer global markets back in the days when the words "Brazilian" and "multinational" in the same sentence still seemed a pipe dream. And we shine the light on a new aircraft being created on the virtual clipboards of Embraer engineers: a military transporter developed in partnership with companies from three countries. The k-390 (the official name has yet to be unveiled) is the company's horse to grow in the defense market.

And the professor Vera Thorstensen, from the Getúlio Vargas Foundation, analyzes the challenges that the Brazilian diplomat Roberto Azevêdo will face at the helm of the World Trade Organization, based in Geneva, in Switzerland. And Lausanne (very close to Geneva, also on the banks of Lake Lemman) is the star of our Express Tourism section, featuring tips from the Brazilian executive Roberto Abromovich. Bon voyage!



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Dear editors,

I would like to thank PIB for its excellent report on the foreign investment agencies established in Brazil. Regarding our participation at the Intermodal trade fair, I would like to clarify that our Belgian agency Flanders Investment & Trade promotes all the ports of the Flanders region (in North Belgium): namely, the Ports of Antwerp, Ghent, Zeebrugge and Oostende.

YVES LAPERE,
COMMERCIAL ATTACHÉ TO THE BELGIUM EM-
BASSY - FLANDERS INVESTMENT & TRADE
SÃO PAULO - SP

PIB continues to consolidate its market presence, with a differentiated approach and its enjoyable reading experience. The March/April edition, for example, presents an interesting article on investment agencies. These agencies are making their mark in the country, and are determined to ram home to Brazilian companies the importance of going global. A new scenario is thus materializing in Brazil in the short term....domestic economic policy, of course, permitting.

CONGRATULATIONS TO THE ENTIRE TEAM.
IRACEMA DE CARVALHO
FAAP PRESS AGENCY
WN&P COMUNICAÇÃO
SÃO PAULO - SP

I really enjoyed the article on fine tapioca powder, cheese and cheese puff exports in the last edition of PIB. In the last century, Brazil didn't do much of a job divulging our products in the US. Brazil was only known as the country of Pelé or the country of soccer. So I am delighted to see people

divulging Brazilian cuisine abroad, showing that we aren't just the land of soccer and congressional inquiry committees. Brazil still has its work cut out to spread the word on our qualities, both here and abroad. And, on the subject of disclosure, who can resist an invite to eat cheese puffs and drink a nice cup of coffee? A perfect Made in Brazil combination.

EDILSON DE OLIVEIRA MONTEIRO
ACCOUNTING ANALYST
SÃO PAULO - CAPITAL

"I discovered the PIB magazine thanks to the distribution of Embraer's communication area. PIB is a publication that plays a relevant role in divulging the best of Brazil. Its differentiated focus on our country leaves us feeling proud and taller. Whenever possible I read this publication, seeking to take maximum advantage of its content to enhance my knowledge, and also reading the English versions to improve my English learning process"

ELIAS CORREA
TAUBATÉ - SÃO PAULO - SP

I would like to thank you for sending me another edition of PIB. The topics and arguments discussed in this edition are extremely varied and interesting. I would like to congratulate you, because I think the magazine is really growing. Good things, done well, achieve success, and PIB certainly has all the ingredients for this.

PAOLO CARLUCCI
VICE-PRESIDENT OF ASIB (ASSOCIAZIONE
DELLA STAMPA ITALIANA IN BRASILE)
AISE CORRESPONDENT (AGENZIA INTERNA-
ZIONALE DI STAMPA ESTERA) - BELÉM - PARÁ



TOTUM
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Antenna

1

Neymar, a global brand?

Following the path of so many other exceptional talents who blossomed in Brazilian soccer clubs but really made their mark in Europe, it was the turn of Neymar, now with a more conservative hairstyle, to move to the mythical Barcelona. Waiting for him in the Catalan team isn't just the partnership with the Argentine magician Lionel Messi, but also a sophisticated marketing strategy with the clear aim of transforming his name into a global brand.

In a section adjacent to the Camp Nou, the Barcelona soccer stadium, a 65-strong marketing department is analyzing a strategy that looks all set to feature Neymar as its latest big star. The Catalan press, clearly aligned with the club's goals, has already described the ex-Santos striker as the "best player in the 21st century". If the irreverent youngster confirms in Europe the skill and charisma shown in Brazil, he will certainly become the newest cog in a marketing machine that brings in ~60% of the 480 million Euros that the Catalan club makes a year.

Without this off-the-pitch revenue, Barcelona would have gone belly-up years ago. These marketing actions, that locally and globally explore the Barcelona brand and its best players, like Messi or the captain Iniesta, enabled the Catalan club to pay off, in the last 3 years, 100 million Euros of its colossal debt, which was bordering on 600 million Euros. As well as exploiting the fact that Neymar comes from the host country of the next World Cup and the same team as Pelé, these marketing actions seek to transform him into the symbol of the new Barcelona, whose reputation of unbeatable was severely damaged by the humbling 7-0 defeat inflicted on it by Bayern Munich in the Champions League.

Barcelona is a soccer multinational. Its official store, at the Camp Nou stadium, is an example of this strength. Administered by Nike, it only loses out in revenues to Nike's HQ store in New York. The Neymar brand will appear on products ranging from smartphones, soccer shirts and bikinis to an infinity of souvenirs with the colors (yellow and ambergris) or symbol of the team.

Neymar is also set to become the newest star of the club's international tours. After conquering the US, Barcelona is currently eyeing the Chinese market and its main sponsor comes from the Middle East (Qatar). The image of Neymar in these three new markets, where he is relatively unknown, will add a few more million Euros to the club's coffers and to his own personal account. Provided that, obviously, he translates all the money invested in him into goals and spectacles.





CLARA VILLAS
2

International Solidarity

The demonstrations against bus fare increases that erupted in São Paulo not only spread throughout Brazil but also to a number of large cities around the world where Brazilian residents or people sympathetic to the cause took to the streets to show their support for the demonstrators in Brazil. London, Lisbon, Dublin and Berlin were the scenes of acts of solidarity. We present an account by Maria Clara Villas, a 23-year-old graduate in audiovisual studies, who is specializing in an art and media course at the Universität der Künste. Maria Clara has lived in Berlin for a year.

"I was at the demonstration in Berlin last Sunday. We got together at the Kotbusser Tor, a district that is almost exclusively occupied by Turkish immigrants. There has been a support center in this area for the Turkish protesters in Istanbul's Taksim square for some time. We then went to the Hermannplatz. There were about 600 people waving banners and flags, almost all of them Brazilian. A lot of people were speaking about police repression in the recent demonstrations while some others criticized the government's position. I noticed a feeling of patriotism and support among the Brazilians whether they have lived in Berlin for a long or a short time. We were united in support of the movement that has been occurring in Brazil in recent weeks. It was a peaceful march. We shouted in Portuguese and even in German - "hoch die internationale Solidarität!" - Long live international solidarity!" I found it really interesting when some Turks who were also protesting came and joined us. They told us about what was going on in their country and offered support to the Brazilians who were also in the same situation. A group of them accompanied us during the whole march and then invited us to join one of their demonstrations that would occur later in Berlin."

- 1 Neymar, now with Barcelona: "new star of the 21st century"
- 2 Support for Brazilian demonstrations in Germany
- 3 Vault video security system in Punta Cana

Eyes wide open at airports

There's nothing more disheartening at the start of a trip than not seeing your luggage on the baggage conveyor belt or realizing that your passport was stolen. That's where Vault comes in. A company specialized in architectural screens and access control that has just installed a safety project at the International Airport of Punta Cana, in the Dominican Republic. There, Vault has implemented access control systems, video security equipment and software, as well as a monitoring and management center. Vault, from São Paulo, posted revenues of R\$20mn in 2012. Over the next three years, the target is to boost its non-Brazilian business by 30%. Six countries have already received Vault equipment, and the internationalization focus is Latin America. "We have initiated a new insertion phase in the international market, with strategies to expand the channels working Latin American markets as a whole", says Gustavo Rizzo, company director.

3



HANDOUT

TED event set for Copacabana

Rio de Janeiro has just strengthened its position as a center of attraction for large global events. This time TED, a not-for-profit organization that consists of a global community of innovative conference speakers, chose the city for one of its two annual meetings known as TEDGlobal. The event will be held in January 2014 at a site built specially for this purpose at Copacabana beach. The organization is known for its slogan “ideas worth spreading” and its regular and occasional speakers include the world’s most brilliant and innovative people, such as Bill Gates, Jane Goodall, Stephen Hawking, Sir Richard Branson, Philippe Starck, Ngozi Okonjo-Iweala, Isabel Allende and Sebastião Salgado, amongst others. TEDGlobal decided to mark its 30 years of existence by meeting in the southern hemisphere. “Rio has been attracting TED for a number of years, metaphorically and literally,” says Chris Anderson, the meeting organizer. “The city is in the heart of a continent bubbling with new ideas.” Rio mayor Eduardo Paes is delighted with the choice. “We will have great pleasure in hosting the TEDGlobal 2014 event,” he said. “It is a unique meeting involving the most fascinating thinkers and entrepreneurs in the world”. Registration for the event will open in the coming months.

HANDOUT

1

Rio landmarks in porcelain

The German brand Villeroy & Boch is synonymous with luxury and elegance and has become a European institution since it began selling porcelain and crystal items in 1748. However, to keep its image up to date, the company also invests in contemporary design. Proof of this is seen in the New Wave collection, with its sinuous lines of plates and cups. The brand decided to pay tribute to large cities this year with the launch of its Cities of the World line. New York, Tokyo, Sidney and Rio de Janeiro were the places chosen. The green of Rio’s forests and the palm trees along its coastline are featured in the pieces. Landmarks like the Christ the Redeemer statue, the Arcos da Lapa aqueduct and the charming districts associated with the New Wave or bossa nova movement all appear. Rio de Janeiro remains beautiful ... and fashionable!



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- 1:: ICELAND
- 2:: DENMARK
- 3:: NEW ZEALAND
- 4:: CANADA
- 5:: JAPAN
- 6:: AUSTRIA
- 7:: IRELAND
- 8:: SLOVENIA
- 9:: FINLAND
- 10:: SWITZERLAND

THE MOST VIOLENT

- 153:: SYRIA
- 154:: PAKISTAN
- 155:: ISRAEL
- 156:: CENTER-AFRICAN REPUBLIC
- 157:: NORTH KOREA
- 158:: CONGO
- 159:: IRAQ
- 160:: SUDAN
- 161:: AFGHANISTAN
- 162:: SOMALIA

Internal conflicts are intensifying around the world, while external conflicts are declining. This is the main conclusion of the 2013 edition of the Global Peace Index compiled by the Economy and Peace Institute (EPI), an NGO based in Australia. According to this study, Brazil is currently in the exact midpoint of the list, ranking 81st out of the 162 listed countries. Other data: Iceland and Denmark are the most peaceful countries and Somalia and Afghanistan are the most violent. Europe remains the least violent continent, with 13 out of the top 20 most peaceful countries. South Asia, in turn, is the most violent region. Below we show the rankings with the 10 most peaceful and 10 most violent countries.

- 1 TED Global: brilliant minds in Rio
- 2 Villery & Boch's New Wave line: famous cities
- 3 Brazil in the GPI ranking: not such a peaceful country
- 4 Totvs: now also leader in cloud computing solutions

Walking on its own two legs

Even after the BNDES announced, in April, that it will abandon its strategy of supporting the so-called "national champions", companies chosen to receive funding to make them globally competitive, TOTVS (once one of the main beneficiaries) continues making large international expansion moves on its own. Its latest move was to lead (with US\$16mn) a US\$22mn investment in GoodData, a California cloud-based BigData applications provider and analytics platform. With the deal, closed via TOTVS Venture, TOTVS will have exclusive rights to distribute in Latin America (where it is already clear leader) GoodData's Big Data and Analytics solutions and integrate analytics services with its own software, giving its clients continued access to advanced Big Data solutions. "By combining GoodData's intuitive analytics with our own software, we have created a leading cloud-based solution in Latin America", says Alexandre Dinkelmann, TOTVS VP of Strategy and Finances. "TOTVS clients now have access to the world's most innovative and advanced business intelligence and Big Data platforms." Dinkelmann also gained a seat on GoodData's Board of Directors.



4
HANDOUT

3 Questions for Miriam Dolhnikoff

An international Brazilian

José Bonifácio de Andrada e Silva, known as the Patriarch of Brazil's Independence, is the subject of a biography by historian Miriam Dolhnikoff. Her book *José Bonifácio – O Patriarca Vencido* (José Bonifácio – the Defeated Patriarch), published by Companhia das Letras in its Brazilian Profiles collection, was launched as part of the celebrations of Bonifácio's birth 250 years ago in Santos. It covers his interest in science, the 10 years he studied mining in Europe, during which he first made contact with the works of the Enlightenment, his role in fighting for independence and his participation as an institutional architect in the creation of a constitutional monarchy for Brazil under Dom Pedro I.



1

Who exactly was José Bonifácio?

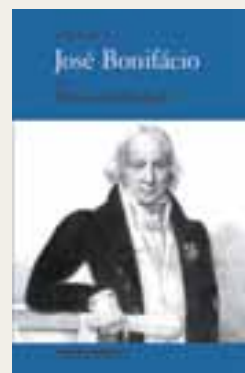
He was a typical scientist from the end of the 18th century. A scientist at that time was not as much of a specialist as today since the concept was different. Although scientists at that time specialized in one area of knowledge — mining in Bonifácio's case — they valued knowledge as a whole. Bonifácio was profoundly influenced by the Enlightenment which upheld knowledge as a way of improving society. Besides this more technical side, Bonifácio put forward a reform program that went against the interests of Brazil's elite and resulted from his long stay in Europe.

What was his main legacy?

Bonifácio read the works of Rousseau, Montesquieu, Voltaire and Diderot although he was not on familiar terms with them. The reading of these writers had a great influence on his thoughts, particularly in the creation of a reform program for Brazil and a constitutional monarchy that should be the form of government after independence. Bonifácio believed Brazil could only be transformed into a nation if it had a national identity. To do so, slavery had to be abolished, the indigenous people assimilated and the races encouraged to mix. These were very daring proposals since the elite were from the white slave-owning class. Bonifácio did not only support freeing the slaves but also giving them land as a means of survival and educating them so they could become citizens and play a part in society. He saw constitutional monarchy as a system to defend representative government and maintain order. Although Bonifácio supported reforms, he was also a defender of law and order.

Was he the “the patron saint” of Brazil's steel industry?

He was actually an entrepreneurial person with an inquiring mind. However, his main scientific activity occurred in Portugal where he made important breakthroughs in modernizing the production of iron and coal extraction. He studied for a period in São Paulo when he returned to Brazil but gave up his scientific activities after becoming involved in the political events that led to Independence.



War of giants

After facing a 14-month embargo, imposed by the Association of Chinese Ship Owners, at the end of April a Valemax (Vale's super iron ore ship with 400,000 tonnes of capacity) docked at the Port of Lianyungang, in the Chinese province of Jiangsu. There, it unloaded 220,000 tonnes of iron ore, just over half of its capacity. Despite not operating with a full cargo, the shipment was a victory. "The strategy to improve Vale's logistics system in exports continues to tick along very nicely", celebrates José Carlos Martins, director of ferrous metals at the company.

A few years ago, Vale ordered 12 Valemax shipments at Chinese shipyards. Apparently, the cost reduction obtained from the scale of Vale's ships started to threaten Chinese shipping companies, which started pressuring their authorities to ban the super iron ore ships from docking. The tension now seems to be showing signs of cooling down. "Vale is opening up ports to Valemax in Japan and Korea", says Martins, who believes the ships will help the company reduce costs. "The bigger the ship, the lower the energy cost." The executive added that the company put into operation this month a floating station for transporting iron ore in the Philippines and another floating station should start operating in Malaysia at the start of next year. Martins explained that these stations function as ports and can transfer 70,000 tonnes of iron ore per day to smaller ships, which distribute the product in the Asian market. "We are adopting an increasingly flexible stance in our logistics strategy", says the executive.

1 Miriam and her biography: the traveling patriarch

2 The Valemax vessels: capacity of 400,000 tons

Bottlenecks

A recent study by Inbrasc (Brazilian Supply Chain Institute), taken by consulting 200 sector directors and managers, outlines a disheartening situation in Brazilian logistics. The study concludes that, if the current infrastructure problems affecting Brazil's railroads, highways, airports and ports are resolved, the annual savings of 72% of companies would total R\$2mn (per company). The data indicate that in road transport, companies mainly suffer from a lack of security, poor conditions of roads and toll fees, while at Brazil's ports the main problems are excessive red tape and infrastructure. And to think some people are still dumfounded at Brazil's poor export results...



Brazilian nature through European eyes

Brazilian flora has enchanted and attracted scientists since the Discovery. Two current initiatives give us a greater insight into these pioneers:



The images of von Martius

An exhibition in the German city of Erlangen in Bavaria shows images and texts on the documentation of Brazilian flora made by the German naturalist Carl Friedrich Philipp von Martius (1794-1868) in the 19th century. The exhibition, Brazilian Nature – Mystery and Destiny, opened in April and will run until September 1. It arose from a partnership between the São Paulo Research Foundation (FAPESP) and

the Berlin Botany Museum. Part of it has been set up in the middle of the Botanic Gardens of the Friedrich Alexander University of Erlangen-Nürnberg (FAU) where von Martius, a native of Erlangen, was a student. He was a member of an expedition to Brazil from 1817 to 1820 which was part of the arrival of Maria Leopoldina of Austria to marry the Portuguese prince Pedro, the future emperor of Brazil. The expedition

2 The virtual rescue of a precious collection

Images and information about Brazilian flora collected by foreign naturalists from the beginning of the 18th century currently stored in institutions in France and England will be digitalized and rescued (virtually), thanks to a program of the National Council for Scientific and Technological Development (CNPq). The program called Reflora - Plantas do Brasil: Resgate Histórico e Herbário Virtual para o Conhecimento e Conservação da Flora Brasileira (Reflowering - Brazilian Plants: Historic Rescue and Virtual Herbarium for the Knowledge and Conservation of Brazilian Flora) was created in 2010. Investments of R\$ 21

million — financed by federal and state public resources and donations from private companies, including Vale and Natura — will be used to create a virtual herbarium with around 540,000 samples of Brazilian flora. These samples will come from the collections at the National History Museum in Paris (MNHN) and Kew Gardens, in London. Vale announced investments of R\$ 1.74 million in repatriating the collection from the Paris museum while Natura paid for the Kew Gardens collection repatriation. The rescued collection will be integrated to the virtual herbarium at the Rio de Janeiro Botanic Gardens. It will then be

1 Designs of von Martius gain exposure in Germany

2 Virtual herbarium repatriates samples of Brazilian flora

3 Brazilian steakhouse in Shanghai: partnership guarantees drinks from Brazil too

Brazilian barbecues for China (via Japan)

undertook one of the most comprehensive surveys of Brazilian flora which resulted in the monumental 15-volume work *Flora brasiliensis*. Digitalized panels from the exhibition can be seen at the following address: <http://www.fapesp.br/publicacoes/braziannature/>

Latina, the largest chain of Brazilian barbecue steakhouses in China, wants to expand and has sold 10% of its capital to another company that is betting on the Chinese appetite for Brazilian products, the Shanghai-based Brazilian Gate (BG). This operation will make BG the preferred supplier of the Latina chain through its import arm, Shanghai Trends, which sells premium Brazilian alcoholic and soft drinks along with gourmet coffees. The owners of Latina are of Japanese origin who started the restaurant business in Brazil and have been in China since the 1990s. They have seven steakhouses in Shanghai and intend opening new outlets in other large Chinese cities from this year and investing US\$ 5 million by 2015.



PICTURES: HANDOUT

The hunt for scholarship students

The Brazilian government's Science without Borders program, which over the next four years should offer 101,000 study grants abroad, for graduate and post-graduate courses, has sparked a dispute for Brazilian scholarship students among global universities world. The last country to join the race was Australia, which believes the program is an opportunity to intensify the interchange between the two countries in the areas of education, science and business. According to Vinícius Barreto, from the Australian Centre, who represents the five public universities of the ATN group (Australian Technology Network of Universities) in Brazil, Australia is renowned for its excellence in areas such as Engineering, Information Technology and Biology. The students interested in the ATN courses, which start in January 2014, should register at the site www.cienciasemfronteiras.gov.br by 19 July. The study grants cover school fees, health insurance, accommodation, educational material and transport. For more information, visit: www.australiancentre.com.br

possible, for example, to compare current samples with those collected in the past by foreign scientists, mainly in areas that are now urbanized or degraded. Vale also aims to use the information from the virtual herbarium in the conservation and recovery of biodiversity in areas affected by mining.

The example comes from below

Brazilian design is making its way onto the international scene thanks to micro and small companies

January 2011. Looking at the legs and cleavage of the reporter from the *Correio Carioca* newspaper, the designer André Gurgel, interpreted by the actor Lázaro Ramos, presents industrial design to the general public at prime-time hours. Paying close attention, Don Juan details, stage by stage, the creation process – from the initial idea to researching materials and colors, without forgetting, of course, the constant concern with ergonomics and the practicality of the objects. “Then, comes the best part, right? The best part is when the plant sends the prototype and we see the result”, he comments. “Great, huh? But users have no idea of the work it takes to create something so simple...”

The character of “Insensato Coração”, a *telenovela* soap opera written by Gilberto Braga, understood the theme – in fact, you can say that again. Proof of this is the fact that he proudly showed off in his office, behind his work desk, a diploma from iF Design Award, the most coveted international award in the area of projects (see box on page 22). Proof of his talent was “bestowed” upon him as soon as the soap opera pre-production team discovered, via

award-winning designer Guto Índio da Costa, that the iF is precisely the Oscar of this segment.

Still waiting for that little statue from the Hollywood Movie Academy, Brazilians have instead been strutting their stuff in the contest that has boosted the Ibope TV ratings of the friendly and seductive André. The first awards (just a handful) were obtained at the start of the 1990s. After Brazil’s Trade Ministry started subsidizing the enrollment of interested companies, in 2004 iF Awards started to become a reality on the national scene. Between 2008 and 2012, for example, Brazil was one of the top ten award winners – except for 2010, when it

On the rise, Brazil already ranks 15th in the overall iF Award ranking

ranked only 21st. According to the International Forum Design (iF), from Hannover, we are talking about 234 awards in total, seven of which have gone to Índio da Costa alone. In the overall ranking, compiled since 1953, Brazil, on an upward curve, al-

ready ranks 15th, ahead of countries such as Belgium, Norway, Finland, India, Australia and Canada, which have been disputing medals for much longer.

A brownie point for the local industry, which gains precious points abroad, since the German award (duly stamped on catalogs and product packaging) is a seal of quality that opens doors (and ports) worldwide. But Brazil’s numbers could be much better. To free the creative spirit of local businessmen, the first pre-requisite is more effective policies to stimulate industrial design. This was how three Asian giants soared in the iF rankings since the end of the 1980s: Taiwan ranked third with 1,479 awards; South Korea is fifth (1,131) and China seventh (815). “Design became a national hero in Korea”, says Angela Carvalho, winner of the contest in 1994 with his Aliseu ceiling fan, and a judge on four occasions. “The government has four project development cen-



Less is more:
Toledo fruit bowl
by Riva (iF 2013)



BRAZIL IS LOOKING GOOD

AWARDS WON* by national companies at the four main international design competitions

	iF Gold	iF (others)	Red Dot	Good Design	IDEA
Lumini	3	9	3	7	2
Escola Superior de Desenho Industrial (EsdI)	1	2	—	—	—
Fibratom	1	1	—	—	—
Antonio Bernardo	—	9	2	—	—
Riva	—	4	4	3	—
Itautec	—	8	—	—	—
Sollos	—	3	2	1	1
Deca	—	4	1	1	—

Sources: companies and sites of the competitions.

* Manufacturing category



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ters and so do the companies, but on a gigantic scale.”

South Korea has performed similarly well. Samsung and LG alone have 564 diplomas from the German forum, beating out (by more than 100) the number of awards garnered by the UK. In fact, titans also dominate the scene in other parts of the world: in Japan, Sony (234) and Panasonic (157) stand out; in the US, IBM (211) and Apple (116), and so on and so forth. In Brazil, the example comes from lower down (*see table*

on page 21). Except for Itaútec and Deca, the hotshots in Brazilian industrial design are lightweights and flies. According to *Centro Brasil Design* (CBD), a local representative of iF Award, of the 267 companies enrolled in the contest between 2008 and 2012, only a third had size and scale. “Micro and small companies are the ones embracing the culture of innovation”, notes Juliana Buso, project coordinator at CBD. “The big boys are still spoilt, due to the closing of the market, which lasted

THE MECCAS OF INDUSTRIAL DESIGN

THE GERMAN Martin Heidegger (1889-1976), one of the fathers of Existentialism, guaranteed that you can only philosophize in German. The Chauvinist thinking could have well been adopted to the industrial design world by an illustrious fellow countryman, who lived at the same time, and author of “*Ser e tempo*”, the architect Walter Adolph Georg Gropius (1883-1969). This man was responsible, 94 years ago, for opening the doors of the Staatliche Bauhaus (a state-owned construction house, in Goethe’s tongue), a school that, upon promoting the marriage of the fine arts with the rationality of the methods and factory production lines originated what which we now call industrial design.

Bauhaus had a brief life. It concluded its activities in 1933,

when the totalitarian darkness overshadowed Germany – with the collaboration, no less, of Heidegger, who joined the Nazi Party in the same year and was appointed dean of Freiburg University. The legacy of Gropius and his peers, however, conquered the world and made Germany the patron saint of design. Which is precisely why the two main international industrial design contests, iF and Red Dot, are German. Launched in 1953 by the International Forum Design, from Hannover, each year the iF attracts around 4,000 candidates and is the favorite of Brazilian designers, who have done well in the dispute (*see table on page 21*). The Red Dot awards have been handed out since 1955 by Design Zentrum Nordrhein Westfalen, from Essen, and each

year receive over 4,000 enrolments from 40 countries.

If the iF and Red Dot duo represent the Oscar and the Cannes Golden Palm of design, Chicago and Washington can lay claim to equivalent positions, in the area of projects, to the Venice and Berlin film festivals. Based in the capital of the US, the Industrial Design Societies of America (IDSA) is proud to be a pioneer among such associations worldwide, as its origins date back to 1938. Since 1980, the entity has handed out the International Design Excellence Award (IDEA), which also features a Brazilian version, launched five years ago.

But the Mecca of US design goes to Chicago, due to the Good Design Award. The prestige of the award comes from nobility, since



1 The genie in the lamp: Prado (in the corner) and Bossa

2 Vinte2 line (left): international awards

3 Brazil's first iF Gold: Luna line by Lumini

for years. Lots of them produce consumption goods that, in principle, are nothing more than commodities", stresses Angela.

Even the academic universe (criticized now and again for its supposed alienation from the needs of the business world) has more awards than most of Brazil's main companies. That's right: nine universities, public and private, have won 13 iF awards since 2004. The highlight is the pioneering *Escola Superior de Desenho Industrial*

(ESDI), or the University of Industrial Design, singled out by Business Week in 2007 as one of the world's top 60 industrial design institutions. Linked to the University of the State of Rio de Janeiro (UERJ), the institution, which will complete 50 years of activities this July, has three "Oscars" – including one of the five

With 700 university design courses, Brazil only trails China

Gold Awards granted to Brazil, for its peach-palm plywood in 2005.

With 43 years at ESDI, four as a student and the rest as a professor, Freddy von Camp attributes this

recognition to the talent and dedication of ex-students, who received the support of the institution. In the case of peach-palm plywood (developed by Cláudio Ferreira and Thiago Machado Maia), the school loaned out its facilities to build a micro company and financed the Sedex postal costs to register the material at the German competition. "Brazil has around 700 university design courses, only China has more.

We have good schools throughout Brazil", says the professor, who ran ESDI on two occasions.

If the teaching is good and if the creativity, as it seems, is a natural

its mentors included top-notch architects and designers such as Eero Saarinen, Charles and Ray Eames, Russell Wright, George Nelson and Edgard Kaufmann Jr. Organized by The Chicago Athenaeum: Museum of Architecture and Design in partnership with The European Centre for Architecture Art Design and Urban Studies, this year marks the competition's 63th edition. "Some international contests arouse greater interest from the general public, such as the Milan Furniture Showroom. The favorite contests of sector professionals and businessmen, however, are iF, Red Dot, Good Design and IDEA", comments Juliana Buso, project coordinator at Centro Brasil Design (CBD).

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gift of Brazilians, then why do most large Brazilian companies continue ignoring industrial design? Von Camp believes this reflects a vicious circle fueled by the blasé attitude of Brazilian companies yearning for the days when they copied foreign ideas and forms, and the resistance of engineers who, he needles, “think they know how to design”. The rule, he stresses, doesn’t apply to all segments. “Brazil is global leader in patents of thermal bottle latches/locks”, he says. “Industrial design is also taken very seriously by carmakers, who have highly qualified teams. In fact, General Motors developed

the Meriva in Brazil, a car now also produced in other countries, and Volkswagen created, in Germany, a department specialized in small vehicles where all the industrial designers are Brazilians.”

Other players to escape the ‘same old, same old’ mentality are furniture makers from Bento Gonçalves (see box on page 26) and the lighting sector – especially producers of lamps and lighting fixtures. This group’s initiation began 40 years ago, when the São Paulo State Lamps and Electrical Lighting Equipment Industrial Union (Sindilux) started organizing export consortia for its

affiliates (mostly small companies). “As part of this initiative, we participated in several expos abroad and began paying attention to the characteristics of national and international designs”, recalls Carlos Eduardo Uchôa Fagundes, president of the Brazilian Lighting Industry Association (Abilux). “Years later, I



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became head of a company in the US and had to work with US designers to make my mark in the local market. I thus concluded that our sector needed to improve its projects.”

The solution arose in 2001, with the creation of the Abilux Lighting Fixture Design Awards. The initiative was so successful that, three years later, an extended version was created for lighting projects. In its last edition, the two award programs received a record 147 enrolled products. “All the 40 winners are automatically enrolled into the iF Award”, says the coordinator, who defends the hardcore industrial de-

1 Wave of success: Simões (left) has won several awards **2** Angiolina (middle): iF 2011 for Riva **3** Winning combo: Murazzo salt and pepper shakers

sign mindset. “If you don’t have a good design, you don’t have quality.”

It was thus no coincidence that Abilux associates became the fore-runners of Brazilian industrial design. 12 companies from the segment have received 28 diplomas from the International Forum Design and are already also doing well at other



prestigious global competitions. The most successful is Lumini, which, among other feats, has 12 iF awards, including 3 gold medals. The company was created in 1979 to develop lighting projects for the architect Esther Stiller, who became a partner in the venture, in partnership with her husband Antônio Pedro Gutfreund and two mutual friends. The move over to lighting fixtures (now 50% of sales) came at the turn of the century and wasn’t easy, since at the time Esther had already embarked on a solo career. “We needed a creative designer so we went with an ex-intern who had done some work

for us. The ex-intern in question was Fernando Prado, our current creative director”, says marketing director Ricardo Gutfreund, son of Esther and Antônio.

Heading up a 6-strong team, Fernando did the job with aplomb. Son of the architect Eurico Prado Lopes, co-creator of *Centro Cultural Vergueiro*, in São Paulo, he won his first iF award in 2004, with the Giro spotlight. True success came in 2005, when he brought home a first ever Gold Award for Brazil, for his Luna ceiling line. The ex-intern, who spent 5 years at Esther Stiller’s office, has only one regret from his lengthy stint at Lumini. “In 2012, we were left out of the iF Award after Lufthansa delayed the delivery of the two products we had registered. But to make up for that, we won the Good Design and the German De-

ucts for foreigners. “We decided to explore the export market on our own”, says Gutfreund.

The company exports to 27 countries, including Sweden, Belgium, France and Germany. Exports, however, represent only 5% of sales. The low volume reflects a preference for the booming local market, and a desire not to act too hastily and ruin their image abroad. “After the first iF, we thought we would start shipping containers full of lighting fixtures all over the world”, recalls the executive. “But we discovered that the awards are only one of the factors in success abroad. It all starts with a good product, but you also need logistics, price, compliance with technical norms, delivery deadlines,



sign Award with one of them, the Vinte2 lighting fixture”.

With a well-respected name to preserve on the international scene, Lumini takes no chances. Aware of subpar quality and domestic supplier deadlines, the company verticalized nearly all its production process, including painting, metallurgy, stamping, assembly, installation and even the development of LED boards, which are driving incandescent lamps into retirement. For the sake of caution, the São Paulo industry, whose headquarters are on an island on River Pinheiros, also rejected proposals to license its prod-

disclosure, etc. You have to be calm and have planning.”

A rival of Lumini, Light Design followed the same safe path and conquered good business deals abroad and a European partner to boot. Created 39 years ago by the Swedish lighting designer Nils Ericson, the company swapped its native Rio de Janeiro for Recife at the start of the 1990s. It then started creating showrooms in Brazil (one in Pernambuco, one in Brasília and one in Campo Grande). In 2001, it participated in Expolux, the main sector trade fair, where interested partners lined up to meet the company. This



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growth opportunity wasn't wasted. "Today, in addition to our own stores, we have around 25 licensees and 12 franchisees (11 in Brazil and one in Lisbon)", says marketing advisor Marco Caetano.

The "discovery" of Portugal, in 2009, began with the winning, in 2008, of 3 iF awards. Having crossed the Atlantic, it didn't take long for

the award-winning Arind, Inside and Orus collections to attract the attention of Portuguese consumers and businessmen. Result: 12 months ago, 50% of Light Design's capital was acquired by Exporlux, owned by Águeda, specialized in large-scale lighting projects. "We began making our lighting fixtures there, with a few adaptations", says Caetano. "It's

a marriage made in heaven. We have tradition and know-how in products for restaurants, homes, shops and entrance halls that are a perfect match for Exporlux's activities."

Portugal is also part of the plans of Riva Metais, from Caxias do Sul (Rio Grande do Sul). Still in search of an international sales representative, the table and kitchen utensils

THE VALLEY OF DESIGN

OWNER OF Brazil's fourth largest state GDP, behind São Paulo, Rio de Janeiro and Minas Gerais, Rio Grande do Sul is a strong player on the design scene. Since the 1990s, when Brazil started winning international awards, 25 Rio Grande do Sul companies have won iF Awards, matching Rio, easily beating Minas Gerais (10) and only trailing São Paulo's 54 trophies. The surprising data point in the extreme South of Brazil is the force of industrial design in the interior of the state, boasting 18 winners, seven more than the capital city of Porto Alegre.

Layman who take the time to analyze the phenomenon may even conclude that wine exerts a great



influence on designers. At the end of the day, Vale dos Vinhedos, which includes Bento Gonçalves and Garibaldi and some neighboring cities (i.e. Caxias do Sul and Farroupilha, fellow wine producers) boast 12 holders of diplomas from the International Forum Design, in Hannover. Living in Caxias do Sul for 25 years, the Rio designer Rubens Simões, from the award-winning Riva, guarantees, however, that this vocation isn't

due to the inks, white and sparkling wines of the region, but rather to the work performed by the Furniture Industry Union of Bento Gonçalves (Sindmóveis) – especially the Design Casa Brasil Showroom, a contest held since 1988.

The competition is already the largest in Latin America and one of the most important of its type worldwide. This year, it received 641 participants, who enrolled for 776 projects. Overall, 130 brought signatures of representatives from 17 countries, including some industrial



1 Green
honeycomb
(corner): gold
for Fibratom

2 Babylon
Garden
(left): food
on shelf

industry is in talks with Portuguese, French and Lebanese candidates. When this representative comes on board, the target is to quadruple, from 10% to 40%, the share of exports in total revenues (currently R\$15mn) in the next 4 years. Its global forays, which began at the start of the 20th century, gained a new perspective in 2006, when it won its first iF award for the Murazzo salt and pepper shakers. Since then, the company has won various awards: four Red Dot, three Good Design and another three International Forum Design awards. “We now have over 400 clients on four continents”, says Rubens Simões (chief designer

and controller) proudly. “To serve all these markets, we have a warehouse in Milan (which accounts for 30% of international deliveries).”

An ex-surf champion, this like-

After winning 3 iF Awards, Light Design now has a Portuguese partner

able *carioca* (Rio de Janeiro native) got into design thanks to his father, Roberto Simões, who lent his name to the well-known chain of gift

stores, with 13 points of sale in five states. After seeing knife sets, pans, fruit bowls, tea sets, trays and jars day in and day out, the metallic objects won him over. As soon as he returned from a spell in the US, he decided to produce a cutlery holder, encouraged by the “old man”. He sought help in Caxias, a respected metal-mechanic center. “I already knew the city, as I used to travel with my father on business

heavyweights such as the US, Spain, Italy and France. “We participated in the first few editions of the Show-room, but decided to leave since the event is heavily focused on the furniture sector. At any rate, there is a clear concern of local promoters and producers with design. They even hire renowned professionals from abroad”, says Simões.

The aesthetic value added to the furniture produced in the “capital” of Vale dos Vinhedos guarantees industries good business abroad. The exports of Sindmóveis affiliates rose 4.42% between 2011 and 2012 to US\$63.03mn, whilst, in the same period, Rio Grande do Sul sector exports rose only 1.08% and Brazilian exports fell 5.24%. “The local furniture industry made moves because it had to. It realized that design was vital to explore the international market”, says Cristiano Basso Galinna, partner of the dcD! design studio, from Bento Gonçalves.

At the tender age of 33, Cristiano

already has two iF Awards. The first in 2006, with the 2P cutlery, when he was still a student at Caxias do Sul University (UCS). The second, already in partnership with the partner Everton Visentini, came in 2011, with Vertex (LHS below), a furniture assembly accessory developed for Akeo, from Bento Gonçalves. The two dcD! designs helped ensure the company’s presence at the next

edition of the German contest, with the collection of Good aluminum pans (LHS above) and is preparing the launch of its own furniture brand (the *Gallina Visentini*, see below, presented at the Milan Furniture Show in April), with which it dreams of going international. “We believe that, despite the European crisis, there are cross-border opportunities out there”, says the designer.



trips”, he recalls. “I went from one workshop to another before closing the deal. The efforts paid off, as the products were a success at the family’s stores.”

Riva emerged on the Brazilian design scene 25 years ago, shortly after the successful experience. Initially, its founder wanted to out-source production in Rio Grande do Sul and control the operation from Rio. He changed his mind and moved to the South of Brazil. He invested in machines, earned a spot in the Caxias Industrial Center and expanded his product range (already +500 items). And he continued, of course, to follow the lessons of his father. “Fairs and expos became part of my blood, since my father used to take me to many events”, says Rubens, who also offers some tips. “Abroad, it is more productive to take a few, good designs to trade fairs, while here you have to show all your wares.”

Just like the Riva “metalworker”, the Paraná native Eduardo Queiroz crossed Brazil in search of better temperature and pressure conditions for his business. At the turn of the century, he landed in Maceió, where he launched the Fibratom cornerstone, used to produce coating tablets made from coconut fiber, an abundant raw material in the



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30% of Riva’s international deliveries leave its Milan warehouse

capital of Alagoas and surrounding areas. The business prospered rapidly, with production peaking at 4,000m² a month. The company’s 115 employees worked hard to supply decoration stores from the South. “We took part in trade fairs in the US and Europe and, shortly after, started exporting. That’s when the dirt hit the fan”, says Queiroz.

The fan in question had the shape of a dragon. Chinese businessmen who, upon discovering the curious Brazilian invention, decided to “reproduce it” on a large scale – with-

out paying a single cent in royalties, of course. They ordered coconuts in Malaysia, got the machines working and seized control of the global market. “In addition to the products, they even copied images from my site to sell their tablets”, says the businessman, who had no option other than to slash costs. “The team was reduced to 22 people.”

EXPORT PROJECTS

THE FEDERAL government is starting, albeit still tentatively, to work on design support policies. Its so-called Brasil Maior Plan, related to the current administration’s industrial policy, outlines financing lines for retaining projects in the area, brand value-accretive initiatives and the creation of “business centers”

enhancing the interface between project designers and manufacturing companies. Part of this package is in the hands of our erstwhile friend Apex-Brasil (Brazil’s Pro-Export/Investment Agency), whose top priority is the Design Export program. The goal is to assist 70 companies from ten sectors (including

machines, furniture, fabrics, fashion, lighting and footwear) in developing 70 innovations in products and services by November 2014.

“The Design Export program will only be officially unveiled in August, but it was operational at the start of the year”, says Letícia Castro Gaziri, executive director of the Brazil



1 e 2 Creator
and creature:
Angela Carvalho
and her Aliseu

Armando Álvares Penteadó Foundation (FAAP) in São Paulo”, recalls the owner of Fibratom. “I was stunned by the city’s pollution and, after a while, I thought of covering the buildings with grass. I thought it was a crazy idea, but I couldn’t get it out of my mind.”

His “crazy idea” will finally hit the market in the second half of the year. The price, R\$200m², promises to leave consumers hallucinating, but he argues this price will become more palatable as production and

sales gain scale. And to boot, the designer is preparing “greener” options for his menu: a package of vegetable fiber laminates (made from *tururi*, *juta*, *malva*, cotton, sisal, *curauá* etc.); and the successful

return of the tablets. “We are developing new vegetable bark-based versions, with different formats and colors. 10,000m² per month will be built, starting next year”, notes Queiroz, who is seemingly protected against further invasions by the Chinese dragons on his own turf. “Good ideas are quickly copied. You have to be constantly reinventing yourself.”

Despite the setback, Queiroz didn’t throw in the towel. Staying loyal to his coconut-based product, he pulled two rabbits out of his hat that ended up winning awards at the last two editions of the iF Award event, the Babylon Garden and the *Favo Verde* (or Green Honeycomb). The Babylon Garden is a rack featuring vases made from eco-friendly material (coconut fibers or recycled plastic) in lieu of the shelves. “It is a vertical construction site that enables large-scale food production in the urban milieu. In a plot of land measuring 100m², you can grow vegetables that, if planted in the soil, would occupy an area 100x larger”,

Good ideas are rapidly copied. Constant reinvention is a must

explains the creator.

The *Favo Verde* Green Honeycomb, which won a gold medal at the German competition, aims to give Brazil’s cities a more bucolic look. With a concept similar to the Babylon Garden, the novelty enables the exterior of buildings to be coated with vegetable carpets. “The idea arose when I was studying at the

Design Center (CBD), a partner of Apex-Brasil. “We seek out the selected companies, explain our goal and help them develop their projects and choose designers (the program offers subsidies of up to 18,000 reais per capita to hire designers).”

In practice, Apex-Brasil’s actions continue on from the now

extinct Brasil Excellence program, which boosted Brazil’s national presence at the iF Design Award between 2004 and 2012. Financed by Brazil’s Trade Ministry, which subsidized registrations and the products’ transport to Germany, the program died a death at the end of 2012. The number of participants

in the contest fell from around 115 to 90, but the good news is that the number of awards received has risen. “This year, 25 Brazilians received diplomas from iF Award, three more than in 2012”, says Juliana Buso, CBD project coordinator. “The Brasil Excellence program left us with good seeds.”

Embraco's
Snowflake
plant in
China: 2nd
biggest

A new face for the world

Embraco adopts new logo in search of a uniform global presence and flexibility in local markets

BY LAURA KNAPP

Embraco (Brazilian Compressor Company), created 40 years ago in Joinville (Santa Catarina), is a great example of how each company's internationalization process in the globalized economic environment is different. In its case, not just different but also a bit dizzying. Five years after its creation, in 1971, the company (created by the Consul, Springer and Prosdocimo brands) teamed up with the Brasmotor group to produce its first compressor for fridges, using Danfoss (from Denmark) technology. The first steps into the international market were taken in 1977, when the company exported its fridge compressors to Peru and, in 1978, to the US and Canada. In the 1980s, Embraco had already developed a full product line, with its own DNA and 100% Brazilian technology.

In the next decade, it embarked on a more aggressive global expansion. In 1994, it assumed control of the Aspera plant in Italy. A year later,

via a joint venture with the local government, it set up shop in China with the Embraco Snowflake Compressor Company. In 1999, it bought a plant in Slovakia. But starting in 2006, when its control was acquired by US giant Whirlpool, this external expansion intensified. Embraco now has a plant in Mexico and dis-

Embraco opened a leadership academy and is betting on innovation

tribution centers in several other countries. Its last move was to open an office in Russia in May 2013.

It is natural to expect such a strong expansion process, marked by so many acquisitions and corporate restructurings, to produce certain heterogeneity in the management and strategies adopted in the different markets. The now

multinational company realized that it needed to consolidate and standardize procedures. The wrap-up of these changes, which included the creation of a Leadership Academy and a renewed focus on innovations (see boxes on page 36), was the adoption of a new visual identity. Even without directly dealing with the consumer, since its product, the compressor, is fitted

into refrigerators, Embraco decided to remodel its logo. The idea was to make it more modern, more in tune with the company's own personality. This change, aimed at rejuvenating the company, was initiated in 2011. The challenge was to make the new logo reflect values already practiced at the company for some time but barely perceived by its clients in



DIVULGAÇÃO



B2B. The main one, the incessant pursuit of innovation, had no expression in the old logo. “The first symbol of the company is the logo”, says Stela Klein, brand corporate manager. “We needed to adjust it to the company’s current reality”.

According to the executive, the new logo seeks to translate important aspects of the company’s DNA,

including intelligent performance; knowledge of the market and clients and the pursuit of innovative solutions. Other attributes include the leadership role of Embraco, its obsession with the constant development of products and the importance it attributes to strategic models and to understanding the market as a whole, including the company’s

rivals. But above all, the new logotype reflects a new global positioning, in which Embraco seeks to reconcile uniform processes throughout the world with stances suited to the different local markets. The new design of the logotype, also according to Stela, was not a redirection, but merely a move to strengthen the company’s personality.

THE STRENGTH OF Embraco®

ANNUAL PRODUCTION:

35 million compressors
50% made outside Brazil

SHARE OF GLOBAL MARKET: 20%

REVENUE/REGIONS:

Asia 25-30%
Latin America 25-30%
Europe 20%
North America 20-25%

EMPLOYEES

WORLDWIDE:
12,000

IN BRAZIL

6,500

PLANTS

COMPRESSOR:

Brazil-Joinville
Italy
China
Slovakia
Mexico

COMPONENTS:

ELECTRONIC
Brazil-Joinville
China

MISCELLANEOUS

Brazil-Itaiópolis



1 2



The redesign of the identity is thus the final expression of other matters that were reviewed. A good example was the work to increase awareness among the company's employees, initiated a year ago, so that they all start to understand the importance of the brand name and the need to be careful when using it in different markets. During this process, the following items were heavily discussed: the role of each employee, interaction between Embraco and its various audiences and how its employees should express themselves and behave when deal-

ing with a whole host of clients. Stela herself says: "In the B2B market, more than any other announcement, the important thing for the reputation of the company is our interaction with clients, discussions of projects, delivery of orders, the sales team", says Stela.

In each country where it operates, Embraco insists on preserving the local culture and how local companies (who are also its clients) do business. Embraco today has 12,000 employees. Just over 50% work outside of Brazil. But only 20 of them are Brazilian expatriates.

Disparities are thus to be expected. Even when respecting the norms and business habits of each market, a multinational needs to have a standardized identity, recognizable anywhere in the world.

In May, the Leadership Academy came to life, part of the corporate education project. It is a long-term global development program, channeled at the leaders, managers, directors and vice-presidents of the company. In addition to reinforcing employee training and qualifications, the aim is to strengthen the values of Embraco and, thus, its sustainability.

FOTOS: DIVULGAÇÃO

AT THE CUTTING EDGE OF TECHNOLOGY

"INNOVATION IS fundamental." More than a routine phrase in the current business world, the phrase echoes much of Embraco's strategy. Facing strong competition worldwide, and different competitors in each region, the company realized that developing technology is perhaps the only form of survival. Its pursuit of innovation occurs on several fronts. The main one is the search for energy efficiency. It is estimated that 15%

of the energy consumed in the world is consumed by refrigerators. "In homes, this percentage rises to 50%", says Fábio Klein, corporate director of technological development. Nowadays, there are compressors capable of adjusting the temperature of refrigerators as per specific needs – when, for example, the door is left open several times when storing supermarket purchases or you want to cool a part of the freezer

more to leave a beer or champagne at the perfect temperature.

Embraco plans to introduce a compressor that doesn't need lubricating oil, a novelty that will have a major positive impact in environmental terms. Self-lubricating steel ensures a more efficient, energy-saving compressor, since special components make it smoother and less subject to friction and wear-and-tear. The company has decided that it will



1 Compressor unit in Brazil

2 and 3
Slovakia: plant was opened to the sound of drums

3

The program, created for all leadership levels, will have simultaneous modules in all the countries where Embraco is present.

In the process of adjusting the visual identity, more trivial matters were addressed, such as standardizing calling cards, presentation templates and the visual aspect of Embraco plants. “The feedback of clients on the change has been positive, since they believe it is important for the company to show that it is modernizing”, says Stela. “It is good to see that modernization stresses the sustainability of the business and we

are tracking market changes and not taking things for granted.”

The implementation of the new logo sought to adapt to the culture of each country. In Brazil, it was presented at a meeting held in a roof-covered sports field. In Slovakia, home of stronger traditions, drums were beaten and a flag was raised. In China, employees did a tap dance. “The format had autonomy”, says Stela. “The visual identity is non-negotiable.” We are now continuing with the work to solidify the new brand and the new procedures it translates in its forms.

Although it doesn’t deal directly with the consumer public, Embraco recognizes the importance of the population’s opinion of its products. At the end of the day, fridges (powered or not by its compressor) are one of the main consumers of energy in homes. In Brazil, people still buy a refrigerator without paying much attention to its components. At most, they pay attention to the Procel (National Energy Conservation Program) seal to assess the potential impact on energy bills of buying refrigerator X, Y or Z. In Japan, for example, stores usually dis-

use the new steel. “We are already in advanced negotiations”, guarantees Klein. With whom remains a secret. Another recent solution developed by Embraco is a plasma-nitrate process that makes production more eco-friendly and cheaper.

In the last 15 years, Embraco has assumed the position of technological leader in the market. Its R&D portfolio already has over 1,200 registered patents. Each year, it files

a request for 100 new patents and, on average, has 30-40 orders in the pipeline. Embraco was always a fan of open innovation. In practice, this means the company works closely with research centers and universities, especially with the Santa Catarina University (UFSC) and has partnerships with academies from all over the world. Overall, 250 professionals research matters related to innovation in its area. “It’s good

for students, as they work with real problems”, says Klein.

The company’s R&D department features around 500 employees (300 of them in Brazil) and its budget is 3-4% of revenues. “In our sector it is a lofty figure. We have invested much more than our rivals”, says the executive. Embraco is simultaneously exporting its technology and reaping the rewards of developments abroad.



1



2



3

play the back of refrigerators, so that consumers can assess its composition. In cases like Japan, the use of a recognized and reliable compressor can determine the acquisition of the product. It's like when you buy a computer and check out the processor manufacturer.

"It is a long internationalization process", says Reinaldo Maykot, vice-president of business and marketing at the company. The objective is to continue expanding, whenever an interesting opportunity or market requirement appears. Embraco is also seeking to open new fronts, with the sale

of technology to other industrial segments (*see box on page 34*).

In what is a common movement in several other sectors of the econ-

Challenge is to solidify new brand and the changes it represents

omy, the production of refrigerators (the end destination for most of Embraco's hermetic compressors) changes region with reason-

able frequency to adapt to economic and geopolitical conditions. The company tracks this movement. The US, for example, was once the main

center of compressor sales, but production ended up migrating in the 1980s and 1990s to other global regions. We have to track this movement. "You can't go against the grain", says Maykot. This ex-

plains, for example, Embraco's interest in less "central" regions (or regions in ascension) of the global economy. More mature markets,

BETTING ON THE NEW

EMBRACO'S INTERNATIONAL expansion strategy includes the opening of new markets. For the last 10 years the company has been selling its technology to other niches. Now, however, the venture is being beefed up. Last year, the company sharpened its focus and resources to capture new businesses by creating New Profit Pools (NPPs).

If executives from other areas of the company used to capture clients for new technologies, now there is a special department to do this. The NPP, according to its director Marcos Fabio Lima, is vital to preserving the company's health, even though its original market (hermetic compressors) doesn't show any signs of fading. "Embraco's market is still a virtuous

one", says Lima. "The concept of innovation isn't just about new ideas. Action is needed. If there are new possible uses and demands for the technology we develop, then nothing makes more sense than to offer it".

Today, the NPP has three executives, full of experience in the local and international markets, focused on this objective. The model fol-



1 Ursula Angeli:
"It's fun leading
diversity"

2 Brazilian plant:
half of global
production

such as the US and Europe, are to some extent much more saturated than emerging markets, where buying a fridge is no routine task. "In many cases, it means a major acquisition for the consumer, sometimes their first ever", says Maykot. "We are constantly analyzing plants in emerging markets. We can't stay still if markets start to move".

Eyeing markets in ascension, such as China, India, Africa and Latin America, makes complete sense for companies in general, says Sherban Leonardo Cretoiu, coordinator of the international business center of Brazil's Dom Cabral

Foundation. At the end of the day, consumption continues growing, though more so in some economies than in others. Even in countries re-

New front is selling technology to other industrial sectors

portedly in decline, the population keeps buying. In others, expansion has the potential to be huge. As happened in Brazil, the middle class

continues to grow globally. In China alone, 50 million consumers are incorporated into the market a year, says Cretoiu.

Embraco's global offices and production units are also the main facet of the company's strategy to always be close to its clients, to discover how to operate in different business areas. Frequently, the development of a compressor is customized for the manufacturer buying it, since it needs to meet the specifications of the machine it will cool down. At the start of June, an Embraco team visited Japan with this very mission. "Being close to clients also enables us to minimize many risks via regional economic analysis", says Maykot.

Embraco today accounts for 20% of global demand for hermetic compressors, as per company data. It produces 35 million compressors a year (50% outside Brazil). In production terms, its Chinese division is the 2nd largest producer, followed by Mexico, Italy and Slovakia. In terms of revenue, Asia and Latin America each respond for

lows that adopted by the head office, Whirlpool. "Brazil should be more daring in technology. Development and financing agencies are desperate for good projects", he says. "Sometimes the private sector lacks daring to put innovation in practice." The ambition of this new area is, in 5 years, to account for 20% of Embraco revenues. "The concept is here to

stay", says Lima. Depending on innovation and their size in the market, some businesses will likely become new companies.

NPP is already working in three areas. One is plasma reactors for treating the surface of metal components with a resistant and anti-corrosive layer. It brings, according to Lima, a reduction of up to 70% in

the component cost. The area is also working on compressors for mobile refrigeration. In this case, it will be able to keep the air conditioning of a truck turned on even when the vehicle is turned off. The solution also serves for ships or buses. The third front is solutions enabling the full recycling of white-line equipment linked to refrigeration.



1



2

25-30% of the total. Europe has 20% and North America 20-25%. Just under half of the 12,000 employees (6,500) work at the Brazilian plants.

Outside Brazil, the strategy of Embraco is to adjust as much as possible to the local culture and modus operandi. The processes are being standardized, but regional customs (and, of course, laws) demand flexibility. Local labor is also privileged. The few expatriates work in strategic areas, for which there are still no

THE STRENGTH OF INNOVATION

EMPLOYEES: 500 R&D

OUTSIDE RESEARCHERS: 250

RESEARCH BUDGET: 3-4% of revenues

PATENTS GRANTED: 1,200

PATENTS REQUESTED: 100 per year

trained local employees. “We always work with local labor. We only expatriate until the local market achieves a level of maturity and management compatible with Embraco”, says Maykot.

Despite being leader in the production of hermetic compressors, the company faces different competitors in each region. In Latin America, its main rival is Tecumseh. In the US, Panasonic. In Europe, ACC and Secop. In Asia, the list is bigger and

FOTOS: DIVULGAÇÃO

SCHOOL OF LEADERS

THE EMBRACO Leadership Academy, opened in May 2012, is present in every country. In it, executives and members of middle management undergo courses in general leadership, self-knowledge (for people management) and some courses in business sustainability. Before the creation of the academy, executives already received orientation from the company, but leadership ac-

tions were poorly aligned, since each region adopted its own solutions. For a while, Embraco expatriated Brazilians in order to spread the word on the company's way of doing business. Today, however, it prefers to adopt local employees in the belief that it is a more effective process. There is good proof of this thesis. The director of the Italian plant, Giuseppe Daresta, is one of them. With only 1

year at Embraco, he incorporated the company's business model and business strategies. With the additional advantage of speaking Portuguese and understanding its customs. The results couldn't have been better.

Chinese, Slovaks, Italians, Russians, Americans, Brazilians. Embraco works with a wide diversity of cultures, habits and legislations. Is it hard to make them all follow the



includes the giants LG and Samsung. In China, the main rivals are Jiaxi-pera, Wanbao and Donper. As you can note, different market realities vary greatly. This is why Embraco seeks, in its expansion strategy, to have a common backbone worldwide and a structure compatible with the efforts required by each different market. A global philosophy, but always exercised locally. It is this, more than anything, that the new logo seems to want to say.

3



1 Quarta Dupla Maykot, Business VP (left): “Long path”

2 Marcos Lima, from NPP: “Brazil has to be bold”

3 Brastemp Inverse Viva Inox fridge: innovative

same standard? “It’s fun”, says Ursula Angeli, VP of Human Resources, Communication and Sustainability. The main enzyme to add so much diversity is the strategy allied with the company’s values, regardless of where each employee works. “This behavior is the backdrop to define the operating focus”.

The maintenance of values, however, doesn’t mean a lack of atten-

tion to local culture or customs. On the contrary. Embrapa welcomes and adapts to diversity. In China, for example, the shifts are 12 hours. In Brazil, the working week is 40 hours. In Europe, there is a variable remuneration per quarter, while in Brazil the 13th salary is annual. These differences are preserved to guarantee the company’s attractiveness and competitiveness in the region. Wages

also differ strongly between countries, as one would expect.

But the HR sector looks to maintain a standard for treating all employees, even if their moment and level of maturity at the company are different. “Respect, integrity, teamwork, diversity, spirit of victory (recognizing our achievements) are shared regardless of the country”, says Ursula.



Arabian business

Rapid growth and high purchasing power of some Arab countries make the region a strategic destination in the internationalization route of Brazilian companies

SUZANA CAMARGO

The actresses Giovanna Antonelli and Deborah Secco are already very well known by the Brazilian public. More recently, however, they became familiar faces to consumers from Arab countries. They starred in the region's campaigns of the Dumond (of the Rio Grande do Sul group Paquetá) footwear collections. Present in the Middle East for the last five years, the brand currently has 17 franchise stores (in Dubai, Bahrain, Abu Dhabi, Kuwait, Egypt, Qatar and Saudi Arabia). "Today the Middle East is our main consumer market", says export manager Jadir Bergonsi. "It's an opulent region visited by tourists and businessmen worldwide. Local trade is very attractive, since taxes are very low". The Paquetá group sells another two own brands in Arab countries,

Capodarte and Lilly's Closet. As well as footwear, these brands sell bags, wallets, belts and other leather accessories.

The step taken by Dumond in this turbulent region may sound risky. But it isn't. Other companies are following it. For the last 35 years,

Brazil trade with Arab countries soared 400% in the last decade

Brazilian multinational BRF (Brasil Foods), one of the global food sector giants, has been betting on the region (where it now exports 70,000 tonnes of food a year). "The Middle East is strategic in BRF's internationalization process, and should

become a key center for consolidating the company's leadership position", says export vice-president Antonio Augusto de Toni. "It helps strengthen brands, distribution and exports, whilst boosting our access to new markets."

The interest of Brazilian companies in the region is on the rise. As well as exporting, national companies are opening offices, stores and even plants there. Between 2002 and 2011, there was a 400% rise in trade between Brazil and the 22 countries and territories forming the so-called Arab League (see box on page 39). Bilateral trade soared from US\$4.9bn to US\$25.1bn in the period. The data come from Brazil's Trade Ministry. "Brazilian companies are seeking Arab mar-



Jewels,
fashion and
cosmetics:
diversification



kets, since the crisis in Europe is obstructing our exports, the US is still recovering from the crisis and China is already a traditional buyer of Brazilian products”, says Michel Alaby, head of the Arab-Brazilian Chamber of Commerce.

As per Global Trade Information Services (GTIS), the main Brazilian products exported to the Middle East are sugar and ethanol, poultry and beef, cereals and soy (grains, oil and meal). Saudi Arabia is the main destination, with over R\$3bn in imports in 2012. In 1Q13 alone, over US\$1bn was sold, 180% more than in 1Q12. “Despite the so-called Brazil cost, the country is still unbeatable in the agricultural area”, says Alaby, adding that Brazil’s export profile is strongly linked to commodities. Over 75% of sector exports are linked to agribusiness.

This strong demand for food

MIDDLE EAST WEALTH

DESPITE INEQUALITIES between nations, income levels in Arab countries are very high.

GDP PER CAPITA IN MIDDLE EAST (US\$)

Countries	2012	2013*	2014*
Qatar	101.696,24	102.467,90	101.413,38
United Arab Emirates	55.084,39	55.075,59	55.439,89
Kuwait	47.252,49	48.612,18	50.266,49
Saudi Arabia	30.625,95	31.442,61	32.568,42
Oman	25.540,12	26.553,93	27.586,00
Bahrein	24.335,57	24.368,57	25.151,89
Libya	14.708,21	16.268,39	17.724,14
Lebanon	14.175,54	14.613,46	15.318,83
Tunisia	8.809,72	9.192,96	9.617,89
Algeria	8.641,51	9.092,38	9.594,09
Egypt	6.417,79	6.544,03	6.778,34
Jordan	5.972,67	6.133,58	6.356,80

Amounts in USD | *Forecast for 2013 and 2014 | Source: EIU Economist Intelligence Unit



explains why BRF set up shop so strongly in the region. Trade with the Middle East represented 33.6% of exports in 2012. In the last 2 years, revenues grew 28.8% and volumes rose 13%. “We have developed a strong identification with consumers from the region”, says vice-president Toni. “Today our brands are a hallmark of quality and freshness, crucial characteristics in the buying decision. We are also recognized for excellence in Halal production

(Muslim diet), a pre-requisite to sell products in the Arab market” (see box on page 44).

BRF exports whole cuts, processed meat and poultry and beef giblets of the Sadia and Perdigão brands, known locally as Perdix. “We have the same brand recall, market share and preference levels as in Brazil. In other words: in several countries we are leaders in the categories where we operate”, says Toni. But, as part of the company’s

internationalization strategy, Q2 will see the Middle East launch of a new concept of the Sadia brand. During two years, a study was taken with consumers from 22 Arab countries, to discover the most accepted (and rejected) colors and forms in each culture and what the consumer most values in the products. “Of the various BRF brands abroad, Sadia was best-fitted to be our flag bearer”, adds Toni. “The other brands will stay there, playing an ancillary role”.

PICTURES: HANDOUT

OASIS OF OPPORTUNITIES

AT THE request of Apex-Brasil, the research, analysis and data consultancy firm MEED Insight, specialized in the Middle East, performed a study on business prospects in Qatar, home to the 2022 World Cup. The study reveals big opportunities for companies mainly operating in construction, energy, clean technologies and infrastructure.

Qatar Projects also shows the

current business scenario throughout the Middle East and forecasts for the coming years. Arab countries have fast-growing economies. The region’s GDP is estimated at 3.6 trillion dollars in 2016, compared with 2.4 trillion in 2010. The countries with the highest purchasing power are the UAE, Saudi Arabia, Bahrain, Oman, Kuwait and Qatar, all members of the Gulf

Cooperation Council. The local population will also make a huge leap over the next few decades, from 340 million today to 600 million in 2030. Since the region is still lacking in infrastructure, sectors such as transport, tollroads, construction and energy are especially promising.

The MEED Insight survey also reveals optimism on a so-called



1 Giovanna Antonelli stars in Dumond campaign

2 Dumond store in Bahrein: 17 franchises

United Arab Emirates. Tramontina, JBS Friboi and the banks Itaú and Banco do Brasil also opened branches there. In Abu Dhabi, the capital of the Arab Emirates, Odebrecht is involved in two major construction works. One of them is a partnership with the largest local homebuilder in the city airport's expansion works. The other is building the sewage pumping station, considered the deepest worldwide. The contract amount is US\$362mn, the highest in the Abu Dhabi sewage company's history.

But what really surprises in the Middle East is seeing that smaller-scale businesses have also taken off. Little known in the domestic market, the São Paulo cosmetics company Cadiveu started exporting to Arab countries in 2008. "We initiated our business in the Middle East based on recommendations by other clients and our broad networking acquired from traveling and the international events we attend", says CEO Anteo Pontoni. The company, which exports hair treatment lines to 50 countries, currently gets 20% of its international revenues from the Middle East, and forecasts 25% growth for 2013.

Pontoni says one of the main attractions of the Arab market is the higher purchasing power of consumers and the growing search for cosmetics, in the specific case of his company. "Arabian women are vain, just like Brazilians". It is also vanity that has boosted Dumond's business in the Persian Gulf. "They really like shoes, especially high-heeled shoes", says export manager Jadir Bergonsi. The good results justify his enthusiasm. Brand exports have grown at an annual average of 20%. The region already accounts for 30% of the products exported by the brand.

Also in the fashion and beauty segment, few things make women's eyes shine as much as seeing a jewel. "In these countries they all want gold, gold and gold", jokes Christian Halot, H.Stern ambassador. Present in the Middle East since 2003, the Rio jewelry store can be found at own stores or points of sale in the Arab Emirates, Lebanon, Bahrein, Cyprus, Saudi Arabia and Israel. Although it isn't an Arab country, Israel is in the Middle East. A Jewish-German immigrant, Hans Stern, brand founder, started international expansion in

Although food is still at the top of the list of products exported to Arab countries, other sectors have also proven relevant to Brazilian business in the region, according to GTIS, namely ores and metals; vehicles and parts; machines and engines; aircraft and civil engineering. Companies like Embraer, Vale, homebuilders Norberto Odebrecht, OAS and Queiroz Galvão, and WEG have offices in Dubai, the most populated and cosmopolitan city in the

new leadership generation in the region, affecting the diversification and modernization of the economy. The markets that signed most major contracts in recent years were the UAE, Saudi Arabia and Qatar. With the approach of the 2022 World Cup, Qatar is expected to become the #2 regional market in contract volumes.

Dubai, with its more cosmopolitan environment (due to the

enormous population of expats and its excellent logistics) is still considered the main gateway to doing business in the Middle East. Saudi Arabia continues to be seen with some fear by many Brazilian companies. They speak less English, female executives aren't always welcome and deals are tougher to close. But Sidney Costa, head of Apex-Brasil in Dubai, recommends a stronger analysis of the country.

"It's an unknown market, but with huge potential", he says. "It may be hard to enter, but it will be tough to exit as well".

Finally, the MEED Insight study signals that Arabian societies will increasingly broaden their consumption capacity, opening even more doors for companies in a whole host of segments, such as fashion, cosmetics, jewelry, footwear, furniture, etc.

the 60s, and Israel always held a special place in his heart. H. Stern has six stores in Jerusalem and another 10 in Tel-Aviv. The brand's elegant and modern design delights Israeli clients, says Hallot. "Israel is very Westernized, which is why people want to use contemporary jewels".

The collections developed in Rio de Janeiro are the same sold worldwide. Lighter jewels, in pastel tones (mainly jewels with Brazilian colored stones such as aqua marine, topaz, tourmaline and amethyst), are a huge hit in H. Stern shop windows. It's what the brand calls jewel design. But, in more closed countries such as Saudi Arabia, the jewelry bought by women usually isn't seen on the street. Hidden under the veil or burka, it is only appreciated inside the home. "Only family members and close friends can admire the jewel", comments Hallot. Since

women don't work in the country, due to the religious question, it is really hard to find female shop assistants.

Due to the growing interest of Brazilian companies in investing

Brazilian jewels make Arab women's eyes shine

in the Middle East, Apex-Brasil (Brazilian Pro-Exports/Investment Agency) decided to step up its operations in the region. In 2010, the Dubai distribution center was transformed into a business center to support Brazilian companies. As well as two offices in Dubai, Apex-Brasil has another two operating bases – one in Doha, capital of Qatar, the host-city

of, among other companies, global cable TV news channel Al Jazeera, and another in Riad (Saudi capital).

In the very high and modern skyscraper home to ApexBrasil's Dubai office, the Brazilian Sidney Costa heads up a team of five people. Thanks to the Arab roots of one side of his family, Costa speaks fluent Arab, which is massive when it comes to closing deals in the region. There are other

demands. Costa explains that for any foreign company to set up roots in the Middle East, you have to have



1 Hallot, from H. Stern (left): "They all want gold"

2 Dubai Mall: World's largest shopping center

3 Alaby, from CCAB: region is option to global crisis

a local partner holding 51% of the business. But in the free trade zones created by the Dubai government, the company doesn't need to meet this norm. "Here, there is a market for any kind of business. It's a region that imports practically everything", says Costa.

At the ApexBrasil Business Center, the Brazilian businessman obtains all the practical aid to set up shop in the region. But there are key subtleties for closing a deal in the Arab culture. E-mails, for example, still aren't used very much. Personal contact is always preferred. "You have to be really patient", says Cos-

ta. "Sometimes you need 2-3 trips to close a deal". The fast and pragmatic US style doesn't work there. Costa says you should never appear to be in a hurry to close a deal and you should try to create good relations.

APEXBrasil has a business center in Dubai since 2010

"It's not uncommon to have a meeting where, during hours, you only talk about general topics before, right at the end, the Arab businessman asks you about your product". It's a matter of style. "Arabs are big on personal relationships", says Dumond's Bergonsi. "They receive and treat you very well and, when

we bring them to Brazil, we make a point of making them feel safe and at home".

Another key factor in Brazil-Middle East negotiations are government relations. "Arabian countries really value government-to-government interface when breaking the ice", says Michel Alaby, from the Arab-Brazil Chamber of Commerce. In 2003

the Brazilian government, with ex-president Lula, started visiting and researching the region. Since then, the number of visits between Brazil and Arab countries has soared. Apex frequently organizes Arab-Brazil business meetings and the Arabian Chamber of Commerce also meets its role in receiving missions here.



HANDOUT



In 2012 alone, twelve teams visited Brazil.

Brazilian companies are confident in this new strategic region for internationalization. “The Arab block is one of the world’s leading economies and Brazilian trade in the region is still concentrated in a few products, but our growth margin is excellent”, confirms BRF’s Toni. A sign of this importance is the construction, in Abu Dhabi, of the company’s first plant outside Brazil. Once concluded, the project (initiated last

year) will have production capacity for 80,000 tonnes of food a year, including canned foods, hamburgers and pizzas. At the start of 2013, BRF also acquired a 49% stake in Federal Foods, which has been distributing Sadia products in the region for the last 20 years. The company has six branches in the Arab Emirates and one in Qatar. “The trend is for this market to continue growing, due to the region’s high level of development and wealth”, he says.

Paquetá is also optimistic.



PICTURES: HANDOUT

THE RULES OF THE HALAL DIET

ANIMALS MUST be slaughtered as per the precepts of the Koran

In almost every country there are markets for Halal products. The word, which in Arab means legal or permitted, fixes the rules to be followed for preparing food as per the rules of Islam, laid down in the Koran. BRF performs Halal slaughtering at almost all its units. “We have a permanent structure with teams of bleeders and the supervision of the Islam Disclosure Center for Latin America, in order to meet the control requisites of the importing countries”, says

export VP Antonio de Toni.

In the case of meat, only the parts of animals slaughtered as per these precepts are deemed Halal:

1 :: The animal should be slaughtered by a god-fearing person who has reached puberty. He shall say the name of Allah or recite a prayer containing the name of Allah during the slaughter;

2 :: The animal should be positioned with the head facing the city of Mecca and should feel fear upon the moment of slaughter. The place should be relatively dark,

silent and well ventilated;

3 :: The knife should be very sharp and shouldn’t be sharpened in front of the animal. The cut should be made around the neck in a half-moon movement;

4 :: You should cut, simultaneously, the jugular, the trachea and the esophagus;

5 :: The death should be quick to prevent the animal from suffering;

6 :: The blood should be fully removed from the carcass. “Every animal, when it suffers on dying, releases an enzyme,



1 Last edition of Investing Meeting, in Dubai.

2 Odebrecht building site, in Abu Dhabi

“There is huge interest in that region for Brazilian brands”, reveals Jadir Bergonsi. The group is in negotiations with large Arab companies to close new partnerships in 2014 and 2015. “If these partnerships play out, we forecast 30% growth in the Middle East”. The expansion plan of the Rio Grande do Sul group works with 30 new Lilly’s Closet, 20 Capodarte and 10 more Dumond stores being opened in the next 5 years. For H.Stern, being in the Middle East is vital. “It’s a crucial crossing point to the Far East, home to very important commercial points”, says Christian Hallot

And is it true that Arabs love to bargain? “It is part of their culture and DNA to negotiate, but when you establish a partnership and determine the playing rules they respect you and understand that some things can’t be bargained for. I really like working with them, you learn a lot”, says Bergonsi.

which becomes bacteria and this bacteria contaminates the meat and, in turn, the human being”, says Michel Alaby, from the Arab-Brazil Chamber of Commerce, in explaining Halal precepts. If the animal flays around upon dying, the meat should be discarded. The Halal certificate may also be required for other products entering into contact with the human body, such as cosmetics and medical drugs.

As well as proper slaughtering, consumption of pork and alcohol is prohibited for Muslims. For this reason, Dumond was forced to adapt

the footwear sold in the Middle East. The Brazilian collection uses pigskin in the shoe lining, which needs to be replaced by another material that can be sold in Arab countries. “For them, it would be a sin to use a product containing pigskin”, says the brand export manager. Pigs are considered an impure animal.

The brand is also very careful with the designs on the soles of its shoes. “Since the religious question is very strong in the region, the footprint left in the ground cannot leave any sign related to Allah or a religious symbol”, he says. Du-

mond never faced this problem, but Bergonsi knows of other companies that have suffered here.

Except for these small tweaks, the Rio Grande do Sul brand sells practically the same collections developed and sold in Brazil at Arab country stores. In the month of the Ramadan, when Arabs celebrate the revelation of the Koran and Muslims fast each day, Dumond clients seek out shoes with more golden and silver colors. Aware of this, the gaucho company already has special batches ready for the region. Shoes covered in gold and silver...

The power of the female touch

*Shining the light on Brazil's top-ranking female executives,
and how they made their mark abroad*

ADRIANA SETTI

In the past ten years, Andréa Martinelli (38, from São Paulo) has had to change her passport seven times. Although her passport is valid for five years, the frenetic pace at which she fills her passport pages with initials and stamps has forced Andréa to constantly renew her papers in advance so that she can continue with her travel routine. Based in Barcelona, Andréa is senior vice-president of

Schneider Electric, a French energy multinational, responsible for the client satisfaction department in over 70 countries, involving 2,000 employees at 100 service and technical support centers. Although working in tricky places like Saudi Arabia and Russia is part of her daily routine, and having already lived in New York, London, Brussels, Dusseldorf and Warsaw (fluent Portuguese is one of the eight languages she speaks), it was Italy

where Andréa faced one of her biggest career challenges, in her previous job.

In 2007, when she assumed control of the medical products division (based in Dusseldorf, Germany) of the US multinational giant 3M, she was responsible for finalizing the acquisition of a group of companies, which boosted the volume of businesses under her 'jurisdiction' to US\$800mn. One of the companies, in Italy, was in the red and was



headed up by a less-than-receptive Italian CEO who, resistant to the new management's culture, was obstructing the integration process and affecting the global performance of the medical division. "Faced with this situation, I recalled the jargon that Americans do business with companies and Brazilians do business with people", says Andréa. "In-

she had been assigned. "To see that company making a profit was one of the most satisfying moments in my career".

The strategy used by Andréa accurately illustrates the study published by Caliper, a Multinational Human Resources Consultancy firm, whose operations in Brazil are based in Paraná. The survey as-



stead of resolving the problems immediately, I invested time and travel in order to create close ties with the CEO's second in command". Slowly but surely, in partnership with her newfound ally, Andréa was able to implement the turnaround plan

essed 66 Brazilian and 59 American and British female executives (all holding either board, president and/or vice-president positions) via interviews and personality tests. The comparative results revealed that, while female foreign executives in



general are more open to assuming risks in taking decisions and implementing new ideas, Brazilian female executives stand out for their more attentive and less authoritarian stance in relation to their team, which is a positive influence in

PICTURES: MAURICIO CARRANZA

1 Marici Santos:
challenges in
Middle East and
Eastern Europe

2 Priscilla
Shumate: eyeing
the Rio de Janeiro
Olympics



meeting common goals and signals why an increasingly large number of Brazilian female executives are occupying high-ranking posts abroad, in various sectors.

“Despite having sufficient technical knowledge and many years of

experience dealing with people, this initially wasn’t enough to be well received in the Middle East and in Eastern Europe”, recalls Marici Santos (44), global manager of services at ABB, a multinational from the mining automation segment, since

2008. Living in Houston, she oversees an industrial segment active in over 25 countries and employing 800 people. But until successfully obtaining the collaboration of her employees in so many regions, she had to be insistent and flexible.

“What I have realized is that, although a macho culture still prevails in the industrial sector, Brazilian female executives have developed skills and sensitivity to operate in this environment without having to be aggressive in order to meet business goals, unlike in some European countries where women are usually quite abrasive in order to gain the

cently by Caliper confirms what Marici witnessed first-hand in her international experiences. The survey was based on interviews with 181 women working in management and sought to detail the general profile of Brazilian female administrators. The answers show that they are very assertive, but with a tendency to defend positions without being

precisely the starting point used by Priscilla Shumate (38, from São Paulo) to reformulate Nike’s marketing department in Mexico. When she took over as head of a team of 37 people in January 2011, she noticed that only the five managers contributed with ideas, while the rest just obeyed orders. “It was crazy. The youngest employees, the ones most



respect of the team”, says Marici. She partly attributes the skills of Brazilian female executives to the links with a family culture where women are still mostly responsible for running the household and educating children (she has three of her own), which requires them to have strong multi-tasking skills.

Another report published re-

overly aggressive. “More often than not, overly aggressive stances are frowned upon by the team, especially when you add a lack of flexibility to the mix”, says Ana Cristina Artigas Santos, head of customer services at Caliper and in charge of the survey.

Motivating the team via an open-minded and level-headed stance was

in tune with our consumers, were precisely the ones whose ideas were being blocked by the hierarchy”, she recalls. “So I tried to make them understand that everyone should have a voice, regardless of their position.” More involved, the group succeeded – on an annual budget of US\$30mn – in positioning Mexico as one of the three most receptive countries

PICTURES: MAURICIO CARRANZA

1 Advertising agent
Fernanda Romano:
between São Paulo
and New York

2 Michele Levy
with the designer
Jason Wu in
New York

3 Mônica Pinto:
responsible for
Asian expansion
of Le Creuset

to the Nike brand's advertising strategies. In the same period, Nike ranked first in the number of followers on social networks in Mexico, beating out Coca-Cola. Her performance earned her, at the end of May,

a promotion to senior marketing director for the 2016 Olympics and a return to company headquarters in Beaverton, in the US. With 12 years at the company, Priscilla joined Nike in 2001 as EKIN, the acronym

used to designate the young people who "spread the word" on the brand alongside the company's representatives. Being Brazilian, according



to her, wasn't just an advantage now, due to the 2016 Olympic Games in Brazil, but also because Nike has always sought inspiration in Brazil. "Sport and physical appearance are part of our culture", says Priscilla, who went to the US to take college in Texas and became world handball champion with the US team. "I went after the American dream and I made it, always extracting the positive side of the Brazilian way of doing things, i.e. the capacity to find creative solutions, together with the punctuality, discipline and ability to listen that I learnt here", says Priscilla, who is married to an American and has a son aged 3 and a half.

Another female executive to make her mark abroad is the advertising agent Fernanda Romano (38), listed last year as one of the 100 most influential women in advertising by the sector magazine bible *Advertising Age*. Leaving behind a successful (and award-winning) career at the DM9 advertising agency in São Paulo, she decided to move to New York in 2005. "I grow up in the profession seeing things coming from abroad and I decided that I wanted to be in the same place as the people creating all this". After occupying important positions at top-notch multinational agencies in New York, Madrid and London – as well as a sabbatical year in which she traveled and remapped her goals – Fernanda launched the Naked advertising agency in Brazil. Based in São Paulo, the company is part of a network present in the US, England, Denmark, Japan and Australia and, in under 18 months, has captured clients such as Natura, Oi, Penalty, Yahoo!, Mars and Hering. A frequent back-and-forth flyer on the São Paulo-New York route, Fernanda leads the creative department of Naked while also working on the creation



MAURICIO CARRANZA

of a crowdsourcing platform to finance independent medical drug tests of large pharmaceutical companies, as well as an innovation consultancy firm and an idea incubator. “The fact that my school in Brazil was a macho and prejudiced market made me resilient”, she says. “Working with Americans and Europeans is much different than leading with Brazilians, we take everything personally, we have difficulties imposing limits on ourselves and on others, and we feel responsible for the team in a way that foreigners, in general, don’t”, says Fernanda. She admits to having trouble finding the fine line between ice-breaking informality and the informal approach that prevents her from being taken seriously. “It was very difficult to find the right balance because if I started acting like a foreigner I would lose the differential of having an open mind and informal way of doing things”, she says.

Also working in New York as a businesswoman, Michele Levy (40, born in Santa Catarina but raised in São Paulo) didn’t just yearn but also painstakingly planned her international career, with an eye on Wall Street. After taking her MBA at Harvard, 12 years working in private equity at JP Morgan on the legendary Wall Street and four years as senior director of the Americas Society and Council of Americas organization (founded by the banker David Rockefeller to promote dialog and education in the Americas), Michele decided to launch a solo career smack bang in the midst of the 2008-09 global crisis, by becoming the exclusive representative of Melissa sandals for the US and Caribbean markets, in partnership with her husband. “Crises don’t scare Brazilians”, says the CEO of Melissa Shoes, who currently sells 1 million

pairs of sandals a year and whose client portfolio includes heavyweight stores such as Saks Fifth Avenue, Neiman Marcus, Nordstrom, Bergdorf, J. Crew, Victoria’s Secret, etc. “In our country things aren’t easy, so we have to be adaptable, and this is something that has always differentiated me and which I use to react to people, questions and situations”, says the businesswoman, who saw the crisis as an opportunity to invest in a glamorous and cheap product.

The natural capacity for adaptation and the professional survival instincts of those used to an extremely competitive and unstable market such as Brazil are traits that are even more appreciated when we talk about emerging and culturally

Capacity to adapt is crucial to explore emerging markets

different markets. In 2003, Mônica Pinto (45, from São Paulo) was given the arduous task of positioning the French luxury cookware multinational Le Creuset in the large Asian markets, starting with China. A frequent flyer on the Tokyo-Shanghai route, she was also responsible for opening offices in Taiwan, Malaysia, South Korea and Singapore and, later on, became CEO of the company in Japan (where she tripled sales during her 5-year tenure). Her daughter, now aged 4 and a half, was born in Tokyo, a city she decided to leave after the 2009 earthquake. A commercial director of the Le Creuset Group, now based at the company’s head offices in Lugano, Switzerland, she has spent the last 17 years at the company. “My typical Brazilian flex-

ibility was crucial for me to successfully establish myself in Asia which, up to that moment, was a complete mystery to me”. Specific cultural traits were also a lethal weapon helping her meet her goals, although they did put her in a few tight spots. “At a meeting in Tokyo, I instinctively shook the hand of the director of a major department store”, she recalls. “Since touching people is a complete faux-pas in Japan, the director was left so disconcerted that he ended up losing the focus of the negotiations and accepted all my terms and conditions”.

Making their mark in Asia, as in Brazil, is no easy task for women. According to global research (entitled Woman Matter) conducted since 2007 by the McKinsey & Company consultancy firm, women occupy 7% of the senior management posts at Brazilian companies – in China this percentage is 6% and in India 5%. In Norway, women occupy 32% of senior management posts, while the European average is 17% and the US have 15% of women at the head of companies. These are still very low percentages, considering that well-documented research (also cited in Woman Matter) signal that companies with a large number of female executives tend to obtain better results. At any rate, it explains why highly qualified female executives see Europe and the US as less daunting places than Brazil to climb the career ladder.

Alessandra Funcia (38, from São Paulo), global head of the packaging market of Swiss company Clariant in the masterbatches segment (color



MAURICIO CARRANZA

MULTI-TASKERS

IN A society where the division of household chores (administrative or practical) and the daily routine of children's education still rests with the wife, successfully performing roles in and out of the house requires heroic acts. Ever since bra straps were first burned back in the 1970s, this is nothing new. However, the topic gains extra spice when we look at a group of women who work several hours above the global average, travel with an alarming frequency and, mainly, do all this without the logistical support of the family, in locations where domestic labor is scarcer and more expensive than in Brazil.

"The first step is to accept frustration, since after becoming a mother it is impossible to continue working as much as before and, at the same time, you always tend to

think you could be a more dedicated mother or wife", says Mônica Pinto, who gave birth to her daughter, now four and a half, in Japan. "But I am pleased to be giving my daughter an extremely cosmopolitan education that will help her to be flexible and tolerant to differences". Now living in Switzerland, she still misses her Philippine babysitter Mita, who she paid 5,000 dollars a month, and without whom she believes she wouldn't have "survived". "Here in Switzerland, I have already tested 8 different people and haven't found the right one yet, but at least my parents are here to help me", says Monica, who now makes an effort to limit her trips to the strictly necessary ones and has the strong support of her husband, who does the cooking, for example.

On the other side of the Atlantic,

in New York, Michele Levy, mother of a five and a half year old daughter, also faces a daily battle to find the right balance between work, family and personal life, despite having a live-in babysitter. "Discipline is the key, I force myself to switch off the computer at 6pm to see my daughter, have dinner and put her to bed, then I get back to working on the fashion events that are part of my business", says Michele. "But I still have to improve this equilibrium a lot". In her opinion, Americans are usually more tolerant with maternal questions with the potential to interfere in work (staying at home to take care of a sick child, for example). "However, it isn't a question of better understanding family matters but instead pragmatism, since they are afraid of discrimination lawsuits and also appreciate the fact that specifi-

concentrates and additives for use in plastics manufacturing), spent 6 months in China to assemble the company's laboratory, before moving to the company's head office in 2011 in Basle (a global reference for the chemicals industry), forcing her to adapt to two diametrically opposed universes in a short space of time. "Coming from a country full of contrasts enables us to understand other nationalities, either ones that face similar difficulties to Brazil or ones with abundant resources", says Alessandra, who believes the fact that she is an executive with experience in an emerging market, such as Brazil, is one of her strengths.

"I have been working abroad for 18 years and initially being Brazilian was a problem because we had

a certain reputation for taking advantage of situations and for being opportunists", recalls Luciana Pavan, Vice President of Digital Media for the AE Ole Networks group since 2009, based in Miami, and who has

Image of Brazilian worker has improved massively

also enjoyed spells at the investment bank Goldman Sachs and the telecommunications giant Viacom, having worked in Brazil and Europe (London) alongside teams in Eastern Europe, the Middle East and Africa.

"Brazil is now fashionable, it is cool to be Brazilian and we are also now considered hard working and positive people", says Pavan. The view that the image of Brazilians, and especially Brazilian women, has changed drastically in the last decade is unanimous among the female executives boasting long international careers. Although we are, more than ever, the country of soccer in the pre-2014 World Cup days, the image of the samba (Carnival) festive climate during working hours finally no longer forms part of the Brazilian stereotype.

cally female skills are fundamental to companies' good performance", says Michele, who welcomes the fact that her daughter is growing up freely, far away from the demands of the traditional family and in an environment free of safety concerns.

Also in the US, in Houston, Marici Santos (mother of three girls aged 11, 15 and 18) decided to share the responsibility for looking after the house with the entire family. "When we came to the US, we decided not to hire a cleaning lady and to use this move as an opportunity for everyone to become more responsible for the home and their own stuff", she says. "My youngest daughter, for example, washes the clothes and keeps her room organized and clean". By sharing the responsibilities, Marici believes she is encouraging her daughters to grow. According to

her, the excellent quality of US public schools is also a big help, offering students the opportunity to stimulate their talents, either via sports, arts or increasing knowledge in areas with which they have more affinity.

The challenge of being a multitasker, of course, isn't restricted to married women with children. With a frantic travel agenda, Luciana Pavan has become an expert in managing her time, optimized with scientific precision. "I had to really facilitate my life because I don't have time for anything", says Luciana, who starts her gymnastics exercises at 5:30am. She does most of her shopping on the Internet (from furniture to clothes), excludes from her wardrobe clothes that need to be ironed and uses an automatic (24-hour) laundrette close to her house for the rest. She sets business meetings at

breakfast and lunch to have time to eat and only chooses doctors near her work. Upon driving 40 minutes to work, she listens to the news via a mobile phone application and speaks to her friends and family using Bluetooth. "I also try, at least once a week, to arrange a dinner with different groups of friends to at least maintain a semi-normal social life and remind them that I still live in Miami". Luciana has lost count of how many tickets to movies, shows and theaters she has lost out on due to work commitments. "Being in a relationship was always a challenge, because men don't normally like or don't understand the importance of my trips and the fact that I work so much", she says. "But now, finally, I have found a boyfriend who understands and supports me, which is a massive help in my hectic lifestyle".

Azevedo:
skill and
imagination
to build new
consensus

Labor of Hercules

Brazil's Roberto Azevedo has until the end of the year to show that the WTO can be saved from breaking up

VERA THORSTENSEN*

The election of Roberto Azevedo to the position of General-Director of the WTO - World Trade Organization - represents a great success for the diplomacy of the emerging market countries, particularly Brazil. It is also an enormous challenge for the new coordinator of the multilateral system of trade regulations. The tacit agreement that representatives of developed countries should hold key positions in global economic organizations has been broken in line

with the view that the higher profile of the emerging economies meant it was time for a representative of

The test is to serve the developing states and lure the rich ones back

Latin America or Africa to assume the position.

The election of a Brazilian has

important consequences. It puts an enormous responsibility in the hands of the emerging countries -

how to create a strong coalition that will defend the demands of the emerging economies and, at the same time, attract the developed countries. These have become increasingly less interested in

the multilateral trade system since the WTO central core, formed by the United States and the European

PHOTO © WTO/STUDIO CASAGRANDE



Union, have shown their preference for a regional approach.

The WTO is responsible for negotiating and overseeing the international trade rules. It has built up a sophisticated system of principles, rules and instruments during its seven decades of existence which are aimed not only at liberalizing trade but the economic development of its members. The most outstanding feature of the WTO is that it provides a “court” to resolve trade conflicts, a unique mechanism among international economic organizations. The

complexity of international trade in the modern world has left the rules negotiated within the WTO lagging far behind. New questions, such as the interrelation of trade and investments, competition, the environment, energy and the exchange rate

are increasingly calling for these old rules to be updated and new regulations negotiated.

The new Director-General will have to be extremely skilful and imaginative if he is to build a consensus around the future of the

*

Vera Thorstensen is a professor at the EESP-FGV business school and coordinator of its Global Trade Center.

WTO. After all, what do its members want from the upcoming Ministerial Conference to be held in Bali? To bury the Doha Round that began in 2001, settle some points and end the chapter or revive its mandate and put their hands to the wheel? The main problem is that the Doha Round got underway in a different scenario. The world has changed substantially since its mandate was negotiated.

Twelve years later, international trade has to contend with four large new relevant factors. The first is the expansion of preferred trade agreements, whether regional or bilateral, which have been creating a parallel system of trade rules that are out of the WTO's control. There are rules that drive the regulatory framework of issues already negotiated further ahead (services and intellectual property) or deal with questions that are new to the WTO (investment, competition, environment and labor standards). In this context, the most controversial point is the strategy of the United States in trying to kill off the Doha Round as it has not led to greater access to the emerging markets by the developed countries. Furthermore, the US has also decided to isolate the BRICS and other emerging countries and moved on to create two mega trade agreements: the TPP (Trans-Pacific Partnership) and the TTIP (Transatlantic Trade and Investment Partnership). The first aims to challenge China's influence in the Southeast Asian region and take advantage of the trade opportunities in this fast-growing area. The TTIP is more threatening as it aims to coordinate the US and European Union interests and create a new system of rules that would control international trade in this century. The priority areas will be: services, intel-

lectual property, subsidies, sanitary measures and technical standards.

The second relevant factor is the strengthening of the global value chains, coordinated by the multinationals. These operate without borders and are always pursuing greater competitiveness and regard the WTO's traditional rules, based on imposing tariffs, anti-dumping measures and regulations on the origin of products, as sources of costs and barriers to trade. They want a

new WTO, centered on business issues such as investments, competition, services and intellectual property and climatic standards (private). Globalization is an irreversible process. These rules would create a WTO that was centered on the expectations of the developed countries but which would become imbalanced as they would only defend their interests. The multinationals want to replace the current method of resolving disagreements



through long WTO procedures by arbitration mechanisms which would be quicker. As a result, all the interpretation and legal rulings built up by the WTO is being lost.

The third relevant factor is the question of the impact of currencies on trade instruments. A close look at the international scenario shows that the currencies of most exporting countries have depreciated and the some of the countries facing problems have appreciated.

Result: the tariff tool ends up being cancelled out by the appreciation (Brazil and Mediterranean European countries) while those that have depreciated (US, Mexico, China and the Nordic countries) offer subsidies to their exporters. Other important tools used against illegal practices, such as anti-dumping and anti-subsidy measures, are being eroded by the current exchange rate imbalances. The strategy of those countries benefiting from the current situation is to insist that this is a matter for the IMF. However, the IMF is not the WTO and does not have the WTO's teeth, i.e. court. Its members have never passed judgment and never will pass judgment on whether other members are currency manipulators. The WTO solution should not depend on the IMF deciding whether one country is a manipulator or not. It would be

and less ambitious targets in implementing the established rules. Some initiatives were approved, such as tariff-free trade and quotas for less developed companies and resources to increase infrastructure for trade which were supported by the developed countries. However, obviously these initiatives are smaller considering the brutal gap in the development of trade among the different WTO member countries. The WTO has given weak responses to these challenges.

Against the current backdrop, the US strategy is clear: to weaken the WTO and control and create the new trade rules for this century hand in hand with the European Union. What is not clear is how the Americans and Europeans can use this strategy to face up to China – a hybrid economy with immense reserves, state-controlled enterprises in all sectors, unlimited loans and a depreciated currency, that manages to bypass all the WTO rules in a highly efficient way.

Faced with all these challenges, Roberto Azevêdo will have to use all his skills not only to avoid bringing the WTO's 159 members back to the negotiating table but also to achieve a viable agreement by the end of 2013 that ensure the WTO's future. If he does not do so, this will represent a serious setback to the whole system of rules built over the last seven decades, with the breakdown of the system due to the inherent conflict of regulations which the preferential agreements are creating. It is not the Doha Round that is in danger but the relevance of the multilateral trade system with its particular tradition and efficiency among the international organizations.

The rich countries' strategy is clear: to dictate the new trade rules

enough to confirm whether a country was thwarting the WTO's aims and breaking its rules via the currency mechanism. If any such practice were confirmed, the exchange rate imbalances which toppled these aims would be neutralized by permitting anti-subsidy measures.

The fourth relevant factor is to meet the demand of the developing and least developed countries that trade should not only bring advantages to the other side. The only action the WTO has taken to date has been through a special, differentiated treatment that just means these countries have more time



SHUTTERSTOCK

A strategic bet

Built in partnership with three countries, the KC-390 is Embraer's bid to grow in the global defense market

ARMANDO MENDES

Over the next few weeks, at the warehouse of an Embraer factory in the interior of São Paulo, the first structural component of the first KC-390 prototype (a military transport and refueling aircraft and the most ambitious project of the Brazilian aeronautical industry) will be built. Once built, we will be able to say that the KC-390 ceased being a virtual aircraft (comprising designs and formulae stored on memory disks and visualized on computer screens) and became a physical reality.

The mere start-up of prototype production, after 6 years working on the conception and project, would be a key landmark in the trajectory of any aircraft manufacturer; but in this case, it represents another step in consolidating Embraer as a fully internationalized corporation. The Brazilian company is present worldwide and makes planes for the civil segments in the US and China. Throughout its history, it has created and developed its own development and manufacturing model in association with risk partners, successfully tested on two families of passenger transport aircraft. But it still hadn't done what it did in developing the KC-390: leading an international consortium of aircraft manufacturers in the project and development of a military aircraft.

Four teams partnered up with

Embraer: Aero Vodochody, from the Czech Republic; the Portuguese companies EEA Empresa de Engenharia Aeronáutica S.A. and OGMA – Indústria Aeronáutica de Portugal S.A. (Embraer subsidiary); and Fabrica Argentina de Aviones Brigadier San Martín (FAdeA), from Córdoba, in the interior of Argentina. Together, they are financing a strategic bet of Embraer, which plans to boost its presence in the defense aviation market over the next few years. In the plans of the Brazilian group, Embraer Defesa & Segurança (the defense and safety unit running KC-390 and all the production for military purposes) should account for 25% of revenues in 2025. This number has been growing yearly; from 17.1% in 2012 to an estimated 20% in 2013. The new aircraft will be crucial to ensuring this envisioned growth plays out in the near future (see more on pages 66).

So what is this machine that will be built by five companies in four countries on two continents? The KC-390 is a large plane, the largest ever designed in Brazil; on average, it is 34 meters long and 35 meters wide (distance between wingtips) and will carry up to 23 tons of cargo, propelled by two jet engines. It will be Embraer's heaviest plane, with a total takeoff weight of 80 tons (adding the aircraft weight to the fuel and cargo) and is 1.5x heavier than its current giant, the Lineage 1000, a top-line executive version

A GOOD START

WHO HAS already signed preliminary orders to buy KC-390s

COUNTRIES	UNITS
Brazil	28
Colombia	12
Argentina	6
Chile	6
Portugal	6
Czech Republic	2
TOTAL	60

of the E170/190 commercial jet family. Its target markets, estimated at US\$50bn, are global air forces in need of robust (and, preferably, very cheap) aircraft to transport troops and cargo and refuel aircraft (attack aircraft on combat missions) in mid-air.

To project and build this aircraft, Embraer needed to translate a ca-

Digital image
of KC-390:
first flight
in 2014



capacity it had already developed for the civil market to a new environment. “We applied our experience in structuring partnerships to a defense program”, says KC-390 project director and engineer Paulo Gastão Silva. “This is a first for us, in terms of Embraer leading the process”. In practice, this global production chain means the final

aircraft assembly resembles a large jigsaw puzzle in space and time. Embraer will have to assemble parts from manufacturers and countries all over the world, at a production line in Gavião Peixoto (interior of São Paulo), home to an Embraer military aircraft unit.

One example: to ensure the first KC-390 prototype makes its

first flight at end-2014, as planned, Aero has been “cutting the metal” to make the fixed leading edges of the aircraft wings (the front edge of the wing that cuts the air midflight) since February at its plant in Odoletta (Northern Prague). And not just Aero: each partner invested resources in the development and production of the parts they sup-

ply. The Czechs, among other tasks, are responsible for a section of the back fuselage and the fixed leading edges of the wings; the Portuguese are making the central fuselage section and the structure housing the main landing equipment; the Argentines are in charge of the tail cone, the door of the large back cargo ramp and the doors of the nose landing equipment (see design). The four companies are the main partners, responsible for large parts of the structure and wings; but in all, around 100 companies will help assemble a jigsaw puzzle with parts and components ranging from propulsion engines and electronic components to internal cabin design.

Building aircraft in a partnership is similar to a jigsaw puzzle

In the last two years, around 100 people linked to the main industrial partners and other suppliers passed by a bunch of low buildings surrounded by trees in Eugênio de Melo (in São José dos Campos), home to Embraer's development center and 20 minutes from the company's main plant next to São José Airport. This group of people from multifarious origins and nationalities joined up with over 1,000 Brazilians to progress on the project development phases (the most used language in technical discussions was English, the international aviation tongue). The teams brought to Brazil by the four industrial partners spent long stints here. The Aero engineers and executives had 15 people stationed in São José dos Campos for 14 months, taking part in the so-called JDP

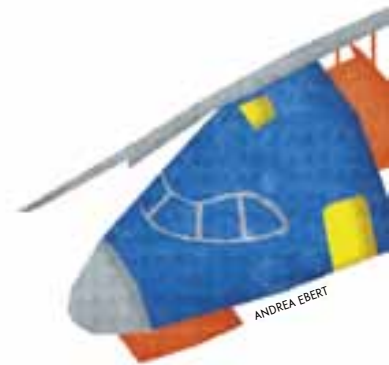
(Joint Definitions Phase), where all connections and interfaces between aircraft systems are carefully established, enabling each company to start defining the parts and structural sets applicable to them.

Each team was headed by a project manager and a technical lead-engineer. For the Czechs, it was design leader Josef Reznicek, who returned with his team to Odolena Voda (in North Prague and AERO HQ) in September 2012 at the end of the JDP. But due to company policy, it was strategy director Petr Rehor that spoke to PIB on the joint work. "In the evolution of our cooperation with Embraer, our working scope grew exponentially", he said by email. "Especially in the back fuselage 'package', the segment where our responsibility almost doubled versus the original scope".

Since September, development has advanced to the point that, in April 2013, the aircraft configuration process was finally "frozen", with the backing of the initial client, the Brazilian Air Force (FAB). With this stage over, two decisive steps can be taken: releasing the technical designs to the production area, which starts to make the initial parts for assembling the four prototypes; and the launch of the KC-390 marketing and sales campaign, when Embraer goes out into the field to discuss the configurations of interest to each prospective client, as well as prices and delivery terms. So far, Embraer has received preliminary orders for 60 aircraft. Almost half (28) will go to the original client, FAB, which defined the initial design specifications, and the rest will go to the air forces of the four partner-com-

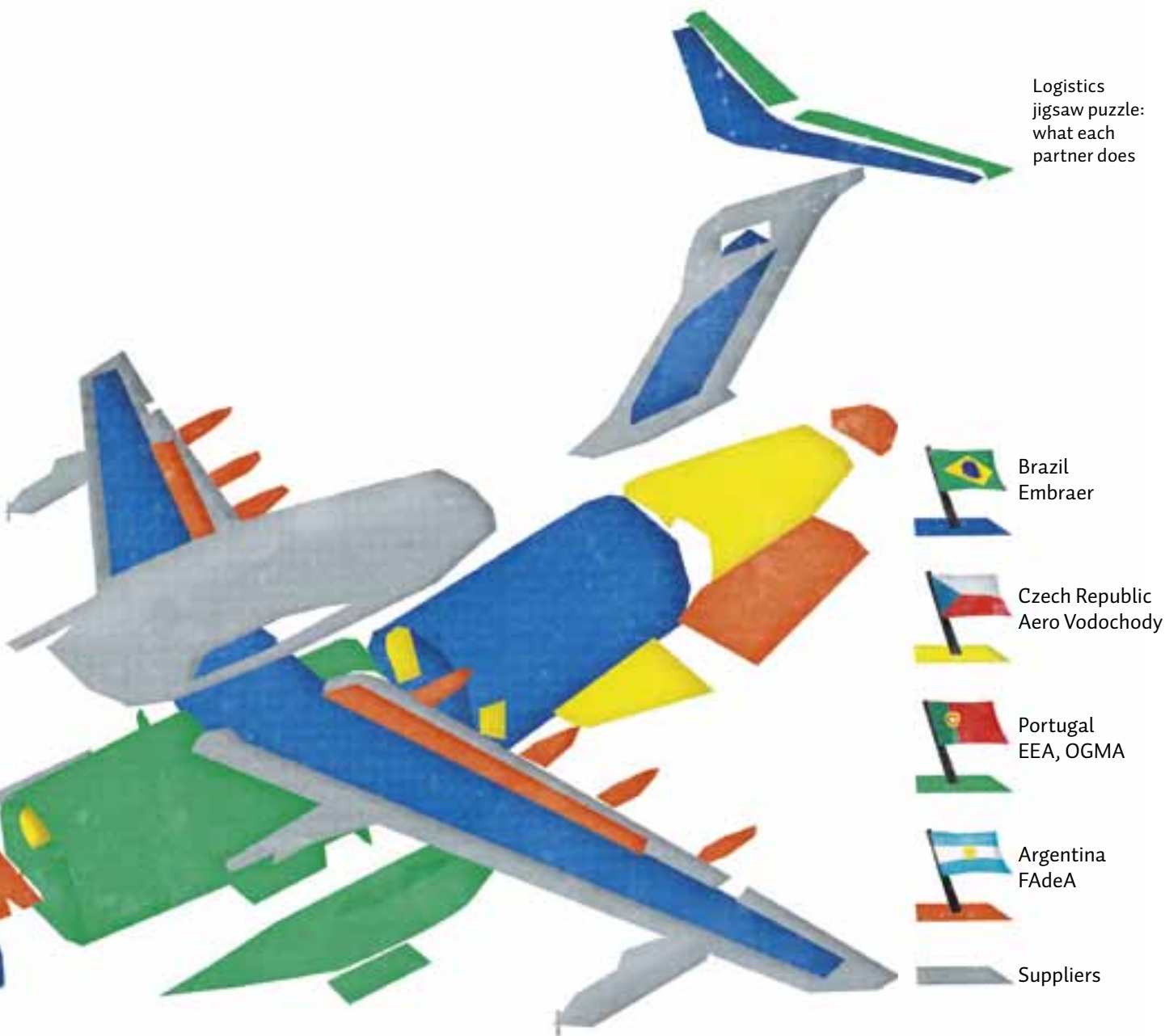
A ONE-MAN BAND

THE KC-390 was designed as a sort of do-it-all military logistics aircraft. Its configuration is common in military airplanes: a wing on the top of the fuselage, to avoid interfering with the cargo bay space, and a large back door with a ramp, to facilitate shipment, takeoff and aerial launch. The aircraft size (no name yet other than the KC-390) will transport combat cars or helicopters, as well as troops and general cargo. But it can also launch parachutists; refuel other aircraft and helicopters in midflight; carry out search and rescue operations; serve as an ambulance-plane, evacuating the injured, and supporting humanitarian missions.



panies' countries (14) and to South American neighbors Colombia and Chile (a combined 18 units).

These orders, if confirmed, could be seen as grabbing market share from Embraer's main rival, the well-known and ubiquitous Hercules C-130, of the US company Lockheed Martin. The Hercules is a project dating back to the 1950s that sold like hot bread and is the big daddy in its category. Modernized several times, over 2,000 units have already been delivered to air forces from around



70 countries (including FAB). But the market also has another challenger: the MTA is already on the (virtual) clipboards of aircraft manufacturers. It's a large-size carrier with a basic design similar to the Brazilian version, developed by companies from Russia and India (two BRICS, just like Brazil...no coincidence there then).

It was precisely with the aim of substituting the more than 20 old Hercules C-130 in its fleet that FAB filed an order with Embraer,

in 2009, for the definitive KC-390 project (previously, the company had been making preliminary designs based on its market studies). The company's calculations indicate that by 2025 we will have demand for 728 aircraft from this category (known as medium-size military transporters), mainly replacing the hundreds of Hercules C-130 nearing the end of their shelf life. Thus, the FAB order boosted Embraer's entry into an international market segment it didn't operate yet, with its

own pre-requisites and peculiarities.

Recapitulating: building an aircraft and leading a consortium of international companies is in itself nothing new for Embraer. Its civil aviation arm has been doing this since the 1990s, when it launched the ERJ 145, 50-passenger regional jet family, which still flies today. But in military aircraft, Embraer's last collaborative experience dates back to the 1980s, when it participated in the project and development of the AMX fighter plane, still used today



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by FAB and the Italian Military Air Force. At the time, Embraer entered as junior partner in a project led by Italian aircraft manufacturers Aerialia (now Alenia) and Aermacchi. Since then, its military division has also produced the Super Tucano, a light attack and training aircraft capturing market share globally (one of its last buyers was the US Air Force).

But the Super Tucano was a solo flight, fully created “in-house”, which meant the KC-390 was the chosen vehicle for reigniting such partnerships in Embraer’s defense projects, and this time as leader. And right off the bat, the difference to the company’s already well-explored collaborations in the civil market became clear: in military aircraft projects, government involvement is crucial. “In the case of the KC-390, the partnerships were put together in a joint effort involving Embraer, the Air Force and the Brazilian government”, says program director Paulo Gastão Silva.

In this aviation segment, he explains, it is very difficult for a producer or supplier to bear the commercial risk of pre-investing in a project on its own, in the belief that it will have a surefire return if its product offers what the market needs. “The

Brazil’s Air Force is financing initial development of the KC-390

countries where we signed industrial partnerships were the ones where we initiated joint government work, presenting the program and showing these countries, and the partner-company, the potential advantages for their air forces and governments (such as industrial policy)”.

The entry of industrial partners also helped when it came to initial

investments in the project. FAB, with budgeted resources, finances much of this cost, says Paulo Gastão. But the partners make contributions that slightly ease the financial burden for taxpayers. Can the company break down its investments?

“No”, says the executive, reflecting the cloak of secrecy that usually surrounds military projects. As well as the business angle, there is always a geopolitical factor in such decisions, he says: the Brazilian

government’s interest in forging economic ties with Mercosur and Latin American neighbors led it to establish relations with Argentina’s FAdA.

But what about the partnership with the Czechs, what’s the potential geopolitical angle here? In this case, reveals Gastão, it was in their interest and due to a business strategy. Aero Vodochody is a 90-year



2

aircraft maker with a long tradition in Europe and renowned for being one of the world's largest producers of training jets. But, like so many companies from Western Europe, it struggled in transitioning to the market economy at the end of the 20th century. The private group controlling it since 2006 decided to bet its chips on producing structural aircraft parts for companies like Embraer, Boeing, Airbus and US helicopter producer Sikorski. A risk partnership program such as the KC-390 seemed attractive to Aero Vodochody, says director Petr Rehor. The Czech company decided to seek out Embraer: "It was a chance to show our capacity and experience", he explains.

Paulo Gastão says the Czechs were the last to join the talks for defining the KC-390 partners. But that wasn't a problem, he says: "We initiated good negotiations with them, and they responded really well". For the Czechs, the same is

true. Rehor says Aero attributes major value to the partnership and would like to extend the cooperation to other areas and new projects. And not just in engineering: "Embraer is very professional in doing business, and Aero wants to learn from it",

Embraer aircraft will challenge the dominance of Lockheed's Hercules C-130

he says, saying the company's plan is to "align itself with the culture and processes of Embraer". No sooner said than done: it has just hired three Brazilians (engineers and managers).

International cooperation in aeronautical construction is notoriously risky and problem-fraught, as shown by two recent examples at two of the world's largest sec-

tor companies: the US Boeing and Europe's Airbus. Boeing delayed the first flight of its newest and most technologically innovative project, the Boeing 787, by around 3 years due to difficulties managing a global development and production chain. And

on the military front, Airbus suffered major delays in its A400M program, another carrier plane developed for European air forces (a much bigger and costlier model, it doesn't directly compete with the KC-390). Embraer is thus betting twofold on this project: to diversify its product offering and reduce its dependency on commercial aircraft, it is entering a new market;

1 The team reunited: project involving many hands

2 Main rival: the veteran Hercules C-130

RISING THE RANKINGS

EMBRAER IS part of a list unfamiliar to Brazilian companies: it is one of the world's top 100 arms sellers, in a ranking compiled annually by the Stockholm International Peace Research Institute (SIPRI), a prestigious Swedish think-tank dedicated to studying conflicts and defense and safety issues. In fact, Embraer is the only Brazilian company on the list, dominated by names from the US and Europe and some Russian, Israeli, Indian and Asian companies.

Embraer has been rising in the ranking: in the latest version, considering arms sales in 2011, it rose from 95th (in 2010) to 81st, 14 spots in one year. In comments in the international press, it is set to continue rising: at a time when most traditional companies, from rich world countries, in the industrial-military segment are seeing shrinking production and revenues due to the post-crisis austerity climate, Embraer Defesa & Segurança

achieved in 2012, for the first time ever, US\$1bn in sales.

While the KC-390 is in development, the most sought export product of the military arm of Embraer is the small and fast Super Tucano, a light, turbo-prop plane from the Tucano family, whose first flight was in 1980. Over 200 Super Tucanos were already ordered by 13 countries, and around 170 are operating (in at least one case, namely the Colombian Air Force, the aircraft is regularly used in real operations against targets of the FARC, the guerrilla group controlling parts of Colombian territory). The USAF bought 20 at the start of 2013, after a chaotic competitive process with local company Beechcraft, subject to intense nationalist lobby in the US press and Congress. The choice of the Brazilian model was announced in 2012, then canceled and announced again in February.

The planes will be assembled in

Florida in partnership with the US company Sierra Nevada, and the USAF plans to pass them on to the forces of the Afghan government to fight Taliban rebels. The deal was seen as seal of approval of Embraer products by the world's most powerful air force. And it is being interpreted as a sign that Boeing is favorite in the FX-2 program (the lengthy dispute to supply 36 attack planes to the Brazilian Air Force, in effect since Fernando Henrique Cardoso was president - Boeing is offering the F-18 E/F, the standard fighter plane of the US marine, and competing with French company Dassault, maker of Rafale, and the Swedish company Saab, with Gripen, both in use by the air forces of their countries).

It is no coincidence that Boeing has got closer to Embraer in recent years, signing agreements to provide its equipment to the Super Tucano and exchange technical informa-

FOTOS: DIVULGAÇÃO

1





1 Super Tucano: success in military market
2 AMX: first partnership with Italian companies

76	90	Korea Aerospace Industries		Aircraft	890	740	1 160	77	68	3 000
77	71	Bharat Electronics		Electronics	890	970	1 222	73	178	10 790
78	82	Cubic Corp.		Components (Electronics), Services	870	810	1 285	68	85	7 800
79	74	SRA International		Electronics	870	890	1 705	51	66	6 100
80	81	Precision Castparts Corp.		Components (Aircraft)	870	810	7 215	12	1 226	21 500
81	95	Embraer		Aircraft	860	670	5 893	15	93	17 270
82	88	Aselsan		Electronics	850	760	897	94	96	4 390
S	S	Selex Galileo (Finmeccanica)		Electronics	840	820	972	87	12	2 690

tion and collaborate in prospecting buyers for the KC-390. “Boeing will help us scour for markets beyond the initial ones, where it can enjoy better penetration”, says project director Paulo Gastão Silva. The initial markets he refers to are the ones where the company has conservatively estimated (excluding countries with their own industry or projects in the same segment) sales potential of 728 aircraft by 2025.

Boeing declined to comment. For its part, Embraer said the joint market studies of the two compa-

nies remain ongoing and results will be announced at the right time. But signs of an increasingly closer partnership are in the air, reinforced by the fact that Boeing doesn’t have its own product in the medium-size transport segment. Its military cargo plane, the Boeing C-17, is bigger and costlier. And Lockheed Martin, owner of the Hercules C-130, which KC-390 wants to dethrone, is its main global rival. By the way, Lockheed is number 1 and Boeing number 2 in the SIPRI list of the world’s biggest arms sellers.

and it is also looking to replicate, in its military aircraft line, an industrial cooperation model that proved a big hit in civil aviation. The market response will be seen in the next few years when the results of Embraer’s sales work show up.

A one-man band

The KC-390 was designed as a sort of do-it-all military logistics aircraft. Its configuration is common in military airplanes: a wing on the top of the fuselage, to avoid interfering with the cargo bay space, and a large back door with a ramp, to facilitate shipment, takeoff and aerial launch. The aircraft size (no name yet other than the KC-390) will transport combat cars or helicopters, as well as troops and general cargo. But it can also launch parachutists; refuel other aircraft and helicopters in midflight; carry out search and rescue operations; serve as an ambulance-plane, evacuating the injured, and supporting humanitarian missions.

2



Ticket to innovation

Technological development has given São Carlos-based MMO a passport to the international dental and medical equipment market

ANTONIO CARLOS SANTOMAURO

Whenver Brazil's potential as an exporter of technological innovation products and not just agricultural commodities and minerals is raised, the same sectors are always mentioned: aeronautics, deep water oil extraction and some IT areas. However, there are other markets in which Brazil's competitive potential is beginning to stand out as a result of the benefits from technological innovation.

This is the case, for example, with the medical and surgical instruments industry that has become one of the mainstays in the creation of international business for projects linked to the São Carlos technology hub. This center, located in São Paulo state, is the headquarters of a number of university institutions as well as specialist compa-

nies which work in other areas of technological development, such as the aeronautical and aerospace, automation and material development industries. One of the main success stories from this regional cluster of innovative companies is MM Optics - or MMO, as it is known. It makes instruments based on optoelectro-

The company was founded by teaching staff from São Carlos university

tics, a science that brings together the concepts of optics and electronics to create equipment using resources such as laser and LEDs (Light-Emitting Diode).

The company was founded in 1998 by five people from teaching

and research institutions in São Carlos. It now exports to a number of Latin American countries, such as

Peru, Bolivia, Ecuador, Mexico and El Salvador, as well as Sweden and South Korea. Its current main effort is to enter the largest market of all, the US. The company's achievements led to it receiving

the latest Exporta São Paulo prize from the São Paulo State Federation of Commercial Associations and the São Paulo Chamber of Commerce for companies from the state with the top performance abroad.

The company has given priori-



PICTURES: HANDOUT



HANDOUT

ty to investments in technological development in its search for demanding clients abroad. This led to a global breakthrough, according to partner director Fernando de Moraes Mendonça Ribeiro: a system of polymerization of dental resin composites – the small blue light dentists use to solidify the resins put into the patient's mouth - made with LEDs instead of the traditional light. Not only are LEDs smaller and easier to handle but they cut the cost of the polymerization equipment and also reduce maintenance. «It is now practically the only technology used throughout the world,” says Ribeiro.

However, this achievement did not bring MMO immediate com-

mercial dividends. This is because the company had already published information about it in a scientific magazine a year before obtaining the patent in Brazil in 2001. By doing so, it inadvertently opened the way for multinational companies to challenge the Brazilian patent registration and also prevent the patent being granted in other countries. This was because of a principle that a patent is not granted to an invention if it is already public knowledge. «We were naïve,” Ribeiro admits. “The patent was broken as soon as we ourselves published the article.”

Although MMO's new technology had no intellectual protection, the breakthrough was a big help

in opening the doors to the external market. This occurred initially with the polymerization equipment, followed by equipment to whiten teeth and later its «therapeutic laser” to kill pain and help the scar formation processes. These exports began around 10 years ago and originated in demands from contacts with potential buyers made at trade fairs and scientific meetings in Brazil or events abroad which the company visited.

With the backing of the Brazilian Trade and Investment Promotion Agency (Apex), the company set up a stand for the first time at an event in Germany in 2005. Since then, has taken its brand to trade fairs abroad on a regular basis and will take part in events in Mexico and Dusseldorf, Germany, in the second half of this year. As soon as it began to export, the company nominated a member of staff to look after

Small but outstanding

YOU DON'T NEED TO BE BIG TO GO INTERNATIONAL.



dical and dental equipment: “However, this situation has changed a lot and Apex’s work in helping to show the company’s technology has made a big contribution to this change,” he says.

Around 4% of the company’s income came from its international business last year. This percentage used to be higher, says Ribeiro, but

to extend the company’s presence from the dental area, where it is currently very strong, to the medical instruments market, particularly the oncology segment.

One of these products includes a recently launched technology to treat skin cancer called Lince which has already been certified in Brazil and the European Community and



its international presence. The tasks include pursuing new markets and dealing with a network made up of nine distributors located in America, Europe, South Korea and the Middle East. “You need to work with distributors in this market,” says Ribeiro. “They know the specific rules on medical and dental equipment for each country.” Ribeiro says that when MMO began to seek opportunities on the international market there was a lot of doubt in relation to the ability of Brazilian companies to produce quality me-

fell as a result of a combination of factors, including the steep depreciation of the Real against the dollar until very recently and tougher competition from other countries. Revenues from foreign operations are set to rise to 15% of this year’s expected earnings of R\$ 8 million.

This fast growth arose not only from the more favorable exchange rate but also from the start-up of operations in the United States and the introduction of new products on the market. These include items

is currently undergoing the certification process on the American market. Another is directed at treating cervical cancer and is being developed in partnership with a company in the US. It is set to be launched on the American market in the second half of this year. This biotechnology company learned about MMO’s work at a scientific event. “They were interested in our technology and suggested a partnership,” Ribeiro says.

The company is also planning to

1 and 2: Lince Technology: innovation in skin cancer treatment

3 Teeth whitening system; targeted by Chinese rivals

4 Fernando Ribeiro: exports could account for 15% of revenues

invest more in the beauty products market. Last year it presented a portable apparatus that uses laser to stimulate the natural skin regeneration process at a trade fair in São Paulo. "We will be launching new products for the beauty market in the second half of the year," Ribeiro says.

He adds that the international market has seen strong competition

from Chinese dental and medical equipment in recent years. This occurred initially in the resin polymerizes area then the teeth whitening segment and now in other kinds of products. This Asian competition has obviously affected MMO's exports but Ribeiro still sees reasons for optimism. "The Chinese competitors arrived with existing techno-

logy while we can make new technological breakthroughs, particularly here in the São Carlos region where we have an excellent research group in this and other areas."

MMO has a workforce of 49. Its research area includes the five partners – three of whom graduated in engineering and the other two in technical subjects – and 10 other professionals. It works on its research projects with institutions such as the Physics Institute of the São Carlos campus of São Paulo University and the Amaral Carvalho Hospital in Jau which is a benchmark in cancer treatment.

Ribeiro stresses that exporting is a process that takes time and requires support and financing conditions that are not always available for smaller companies like MMO. «We use financing to export but only conventional lines from commercial banks. We have only obtained working capital loans from the BNDES (National Economic and Social Development Bank). Ribeiro says around 8% of the company's revenues are reinvested in research and development. These investments are topped up with resources from official sources for research, such as Finep (Brazilian Innovation Agency) and CNPq (National Counsel of Scientific and Technological Development). One of the company's priorities is to strengthen the research process in partnership with companies from other countries, as is the case with the American firm with which it is developing the equipment to treat cervical cancer. «This could be a cheaper way to the foreign market," Ribeiro adds.





Small but outstanding

YOU DON'T NEED TO BE BIG TO GO INTERNATIONAL.

Antônio Carlos Santomauro

Fashion sharing

Creating and sharing looks with images of clothes and shoes available on the web may seem like a game but this is precisely the appeal of the Fashion.me social network that has attracted a million users in Brazil - where it was founded in 2009 - and another 100,000 in the United States. This huge audience makes it easy to understand why the company was able to raise resources from the American investment fund Intel Capital at the end of 2011. It has now taken another important step forward in a bid to win over clients in the world's largest market. Fashion.me launched its operation in the United States with a cocktail event at the Lincoln Center where the New York Fashion Week is held. The American operation consists of an English version of its site and an office in Seventh Avenue, the heart of the Big Apple's fashion district. Fashion.me only has one employee at its American office for the time being, with two more set to be hired this year. The company's revenues come from its share of sales of brands and stores that display their items on Fashion.me. The network's two creators, Flávio Pripas and Renato Steinberg, gave up promising careers in the São Paulo financial market to dedicate their efforts to the enterprise and are regular visitors to New York. The launch of the American operation is starting to bring results although the company does not disclose its revenues: "We have made deals with a number of smaller brands and are now negotiating with three large retail chains in the US," says Pripas. "The American market has much greater scale and should generate higher earnings for Fashion.me in the long term than the Brazilian operation".



HANDOUT

1

Pay attention to the details!

Mário Inácio Ferreira Filho, a specialist corporate lawyer for small and mid-sized businesses in São Paulo, warns these companies that they need expert advisory services when doing business abroad. Here are some of his recommendations:

❖ TRADING COMPANIES CAN REDUCE EXPORT-RELATED DIFFICULTIES BUT ATTENTION SHOULD BE PAID TO THE TERMS OF THE PARTNERSHIPS ESTABLISHED WITH THEM. ISSUES SUCH AS THE SIZE OF THEIR COMMISSION AND CARE WITH THE IMAGE OF THE BRAND TO BE SOLD ABROAD ARE CRUCIAL.

❖ PRODUCTS NEED TO MEET THE ORDER SPECIFICATIONS EXACTLY SINCE ANY DELIVERY THAT DOES NOT MATCH THE AGREED TERMS CAN DAMAGE THE COMPANY'S SUCCESS ABROAD.

❖ ATTENTION SHOULD ALSO BE GIVEN TO THE CONTRACTUAL DETAILS RELATED TO DELIVERY, FREIGHT AND COSTS. WILL SHIPMENTS BE CIF OR FOB? WILL THE LOGISTICS BE MULTIMODAL? WILL THE CONTRACT BE CFR? A POORLY THOUGHT OUT DETAIL CAN LEAD TO BIG LOSSES.

The ABC of exports

Small and mid-sized companies from the metropolitan region of Campinas are a priority target for a program to support, train and encourage exporters. The program was launched by the Campinas municipal government in April in partnership with Banco do Brasil and the Núcleo Softex. The Exporta Campinas initiative foresees a series of projects for companies in different stages of going international, ranging from those which are still at the nursery stage, with only a corporate tax number, to others which export regularly. The initiatives include helping with documentation, costs and training, consultancy services to obtain

sanitary certificates (should these be needed), financial support in currency and credit operations, consultancy services to establish a visual identity that can bring greater competitiveness on the international market and deciding which markets have the best business potential for the companies. The launch announcement estimated the annual number of potential exporters at around 150, mainly small and medium-sized companies. The region's export potential is based on areas such as technology, services, autoparts, food and agricultural products, like fruit. More information at <https://exporta.campinas.sp.gov.br/>

2

Brazilian Post Office sets up in the US

The first branch of the Brazilian Post Office to be set up abroad is scheduled to open in Miami at the end of July. It will share the same building as the Brazilian Trade and Investment Promotion Agency (APEX) which has had a business center in the city for a number of years. The move will be the Post Office's first step towards going international since a law was passed in 2011 allowing it to operate abroad. The new branch's priority will be to support exports by small and medium-sized Brazilian companies and Brazilians abroad, many of whom come to Miami. It will also pursue business opportunities in the logistics and courier delivery markets and expand partnerships with postal operators in the US. The United States accounts for around 42% of Brazil's foreign postal traffic.



Globe-Trotter

EXECUTIVE TRAVEL

Marco
Rezende



AIRLINES

Magic carpet

A NEW Middle East airline is following Emirates and Qatar Airways to Brazil. This time it is Etihad Airways (“etihad” means unity in Arabic). Although it has only been in existence for 10 years, Etihad shares some features with the other air companies from the region and has won a number of prizes for the quality of its service and comfort in all classes of its latest generation planes. Etihad will begin with three weekly flights from São Paulo to Abu Dhabi on Tuesdays, Thursdays and Saturdays, leaving at 18:20 and arriving at 16:05. It is a direct flight on an Airbus A 340-500 and takes almost 15 hours. The plane returns on the same days although the flight is slightly longer due to the headwinds. Abu Dhabi used to be a poor pearl fishing port but is now the capital of the United Arab Emirates and accounts for almost 60% of the UAE’s GDP. (Dubai is another of the seven emirates.)



UNITED
STATES

Chileans are welcome

THE HASSLE Latin Americans face in the process of obtaining an American visa will become a thing of the past for Chileans travelers. In the coming weeks, Chile will become the first Latin American country to be included in the select group of countries that are part of the American visa waiver program for tourist trips of up to 90 days. Brazilians will continue to have to put up with long lines at American consulates even though they spent US\$ 8 billion in the US last year.

1

1 Obama visits his Chilean colleague Piñera: bye bye visas

2 Etihad's First Class: award-winning quality

3 Medical emergency on board: rare for plane to divert

HEALTH

Is there a doctor on board?

YOU HAVE just fastened your seat belt for that 12-hour business trip and start thinking: "What happens if somebody falls ill on the plane?" or "What if it's me?" Calm down. A recent study published by the New England Journal of Medicine analyzed more than seven million commercial flights and found that only 16 out of every million passengers felt unwell on board. Of these cases, only seven led the pilot to land at the nearest airport. There was at least one doctor on board half the flights while 75% had at least one nurse or paramedic. The most common problems were fainting (more than a third of the cases), breathing difficulties (12%), heart problems (7.7%) and fits (5.8%). Heart attacks (counted separately from heart problems) amounted to only 0.3%. The chance of someone dying in the sky is minimal: only 36 deaths were reported during these seven million flights which carried around half a billion passengers.

FILIPPO CASA BRANCA

2

HOTELS

Oriental luxury

FOLLOWING THE explosion of new hotels in the run up to the Olympic Games in 2008, a new wave of grand hotels are being opened in the Chinese capital. The Grand Hyatt is a good choice for those who want to see something of the city and escape from business meetings as it lies only a few meters from Tiananmen Square and the Forbidden City right in the heart of the capital. Despite its size (825 rooms), the hotel has its own personality: it is located in front of traditional Chinese pavilions of the 19th century and no cost has been spared when it comes to expensive marbles, vibrant colors and valuable wood paneling.

HANDOUT

3



SHUTTERSTOCK

ENTERTAINMENT

Snow galore

BRAZIL HAS never experienced real snow but it will have a chance to sample the artificial kind when the Snowland theme park opens by the end of the year. Snowland is given over to winter sports and covers almost five hectares in Gramado, a popular tourist spot in Rio Grande do Sul state. Part of it will be covered in artificial snow the whole year round and visitors can practice skiing, snowboarding and other winter sports popular in colder countries. The initiative comes from two local businessmen, André and Anderson Caliari, who are brothers and want to create a permanent flow

of visitors to Gramado outside the traditional winter season and at times of business events. Snowland will have stores and restaurants for non-skiers. **SNOWLAND WILL** measure 48,000 m² (14,800 m² of covered area and 7,300 m² of snow area) with imported technology to produce the snow. Skiing, snowboarding, airboarding and other radical sports will be practiced in the «mountainous» part of the structure. Instructors will be on hand and special clothing available to cope with the cold temperatures. Areas for ice skating, tobogganing, snowball games and walks are also planned.



HANDOUT

TECHNOLOGY

Souped-up iPad

EVERY SUCCESSFUL electronic gadget creates imitations, accessories and other nick nacks of greater or lesser practical value. However, this column recommends the Logitech keyboard for the iPad that operates through Bluetooth and also serves as a protective cover for the screen. The iPad is mounted on the keyboard and stays in an ideal ergonomic position. It is great for working as the screen is freed for other functions. When you close the cover, the

keyboard uses the iPad's own magnetized board to remain firmly in place. It costs R\$ 399 at the Fnac. (www.logitech.com/pt-br/product/ultra-thin-keyboard-cover).



BLOG LOGITECH

DESTINATIONS

China's business travel boom

THE BUSINESS Travel Index (BTI) of the Global Business Travel Association (GBTA) shows that China will overtake the US as the main destination for business travelers by 2015. The sector has grown by 17% over last year and should expand by 21% this year, with a turnover of US\$ 245 billion.



1



RESTAURANTE ONDA MEZZANINE EM OSLO

1 Snowland in Gramado: no, it's not a film

2 Cover and keyboard for iPad: a really useful gadget

3 and 4 Oslo, the most expensive city; don't drink in hotels

GASTRONOMY

Good and Cheap

THE LA Régalade restaurant in Montparnasse in Paris was opened amidst a fanfare years ago by legendary chef Yves Camdeborde who later left to open his Comptoir St. Germain. In contrast to what usually happens, his successor at La Régalade, Bruno Doucet, surpassed the master with refined but simple cuisine. As with all good cooking, it is based on fresh ingredients, creative seasoning and good preparation combined with an incredible

dash of talent. Doucet, who presented innovative dishes, has opened an outlet near the Louvre Museum at a more central location with a fixed price lunch and evening menu (35 euros for the entrée, main course and dessert). His soufflé made with Grand Marnier is irresistible for those with a sweet tooth. Address: 123 Rue Saint Honore, phone (+33) 01 42 21 92. Closed at weekends and in August. The restaurant does not have a site.



RANKING

Oslo: only for rich foreigners

SEVEN OF the 10 most expensive cities for executives and expatriates are in Europe, two in Africa and only one in Asia (that's right, Tokyo). The latest survey carried out by ECA International, a global HR consultancy, shows that Oslo is now the most expensive city in the world for foreigners. All the services that require manpower – shoe repairs, haircuts, laundry, eating in restaurants etc. – are expensive in Oslo. A beer in a bar costs R\$ 30/US\$15 and a cinema ticket R\$40/US\$20.

ECA SAYS the reasons for these prices include the cost of labor and Norway's high taxes. Tokyo lost the leading position it held for years and is now ranked sixth. The yen has lost 20% of its value since prime minister Shinzo Abe took office in December 2012. His reforms include restoring inflation to a level of 2% after years of deflation. A weak yen gives visitors a better exchange rate and greater purchasing power. Nevertheless, the Japanese capital still remains the most expensive city in Asia, ahead of Seoul, Beijing, Singapore and Hong Kong.

AIRPORTS

Delta moves house

TERMINAL 4 of New York's Kennedy Airport was the ugly duckling until recently. Not anymore. After years of planning and renovation works (at an investment cost of US\$ 1.4 billion), Delta Airlines has inaugurated a brand new Terminal 4 which will be comfortable and, above all, efficient. The Delta Sky Club business class lounge even has an open air terrace with an outstanding view of the runways. However, the best aspect of the changes is that there are more check in areas with automatic terminals and an exclusive business class check in areas next to the security control post. This unified security post has 12 counters to ensure a faster service.

RESTAURANTE ONDIA MEZZANINE EM OSLO

Globe-Trotter

EXPRESS TOURISM

LAUSANNE,

by Roberto Abramovich

UNLIKE THE main cities from the New World, the Swiss city of Lausanne has few inhabitants (125k) but is steeped in history: it was founded by the Romans around 2,000 years ago. Brazil's Roberto Abramovich has lived there the past 7 years, working in marketing and innovation at surely Switzerland's best-known company and brand: the food multinational Nestlé. An amateur photographer, Roberto is married and has a daughter. In this guide, he heaps praise on his new city's beautiful parks and the well-conserved Lake Lemman shores, scene to many of the suggested trips.





If you only have a few hours...

WALK TO the Lausanne Cathedral to enjoy the vista, walk around the city center and visit the church (it's rough on the eyes and short on major works of art...all you'll find are a few glass panes). Walk down the stairs crossing the Riponne Plaza and take a left onto the street for pedestrian, leading to city hall. Stop in front of the clock: when it chimes, a pretend battle scene is played out. Continue onto Globus Street and go up to Rue du Bourg, near St. François Square. There you'll find Blondel, a jaw-dropping (pocket-emptying) chocolate shop. Best buying them in ones and twos ...

MOVE ONTO St. François Square and walk down a street called Petit Chêne, to the train station. Take the subway and go to Ouchy, the most posh part of town — it's a 5-minute ride (or go by foot, if you want). In Ouchy, take a stroll around the castle, feast on the sights of the lake... and 300m to the left is the Olympic Museum. You must see the garden in front of the museum. If the weather is so-so, visit the museum and return for lunch at the d'Ouchy crepe shop. If the weather's good, walk down the shores of the lake to the famous IMD business school and, then, continue on to the restaurants.

A RURAL and wine-inspired alternative: take the local train to the small town of Lutry (9 minutes) to take in the sumptuous Lavaux vineyards and the medieval city, on the river bank, home to art galleries and some decent little restaurants. Go back by bus to St. François Square, in downtown Lausanne. Take a stroll round Rue du Bourg, walk in front of Starbucks and cross the Grande Pont bridge (featuring a Nespresso shop). Now you'll have a really cool view of the lowlands (Flon) and the Lausanne cathedral.

1 Lausanne: small population but steeped in history on the banks of Lake Lemman

2 Gardens in front of Olympic Museum, in Ouchy

3 The Lausanne cathedral, in the city center

4 Lavaux vineyards: almost 30km of Lake Lemman riverbanks bear crops



SHUTTERSTOCK

SWISS-IMAGE

SWISS-IMAGE

If you have a whole day...

WITH MORE time on your hands, let's stretch things out and maximize the enjoyment factor on the basic trips suggested in part one of this guide. Right then, get up early and do the cathedral, old town trip. Go down to the St. François Square, and take the number 9 bus to Lutry. Take a stroll round the vineyards and the medieval city and lunch at one of the restaurants on the banks of Lake Lemman. La Barca, where the staff is Portuguese, is great. And Restaurant du Lemman serves up some tasty fish fondues and regional wines (the owners are Peruvian, and don't forget to order some ceviche).

GO BACK by bus or train to Lausanne and continue onto Ouchy, where you can do the riverbank and Olympic Museum tour. If you want to go shopping, take the subway, go to Flon and check out the stores. At the end of the day, sip on a local beer at the Brasserie restaurant whilst eating an Alsatian specialty: flammekuche, a type of French pizza with no tomato sauce and very thin, crunchy dough.

IF YOU have the night off and want to eat some fondue, I suggest reserving a table, for a guaranteed great night at Chalet Suisse. The whole menu is great and the prices are fair (most waiters speak Portuguese). Best getting a cab (30 francs). An alternative downtown dining option is Nomade, offering healthy portions and lovely wines. Punk, next door, has great drinks.

FOR THOSE hungry for fondue or raclette (another local specialty), the golden rule is not to eat whilst drinking sodas or water, so as to ensure a light meal. What was that saying again? Ah yes, when in Rome...order a nice white wine or herbal tea. And be careful in the summer: 500g of cheese at 30 degrees temperature may not be the best idea. Tip #2: tax and gratuities are included in the check. But it's a custom to leave 2-3 francs for the waiter. If it's a big table, better make that an extra five francs.

HANDOUT



SWISS-IMAGE



5





HANDOUT

If you have a whole weekend...

ON SATURDAY, follow the above 1-day guide. But check early for any famous shows by Ballet Béjart, based in Lausanne, on Saturday night or Sunday evening. For Sunday, it all depends on the season: on a hot day in summer, get up early and visit Yvoire, in France. A boat leaves from Ouchy, or catch a train to Nyon (another stunning town) and from there a boat to Yvoire (a small, untouched medieval village with restaurants and stores. A great trip to see the lake and a bit of Old Europe.

2



SWISS-IMAGE

BUT IF the weather is iffy, don't panic. Take the local train to Montreux (home to the festival that introduced so many Brazilian musicians to Europeans – buy a two-way ticket (a 1-day unlimited pass for all public transport). From Montreux train station, go down to the lake and catch the bus (there's one every 10 minutes) to *Chateau de Chillon*, one of the best-kept castles in the region and a must see. On your way back to Montreux (which is also a 20-minute walk), take a walk down the shore, take a photo in front of the Freddie Mercury statue and see the other stunning sculptures. Another local bus takes you to **4** Vevey, famous for being Nestlé HQ: go down to *Hotel de Ville*, stroll around the old downtown region and visit the lake to see the Charlie Chaplin statue and the so-called Food Museum (with a giant spiked fork in the water). Lunch at Charlys, on the riverside, or at one of the restaurants at Place du Marché.

CHILLON



1 Swiss Chalet: great menu, fair prices and Portuguese-speaking waiters

2 Béjart ballet spectacle: buy your ticket in advance

3 Raclette, a local delicacy: when in Rome....enjoy it all with a glass of wine or herbal tea

4 Freddie Mercury statue on the banks of Lake Leman

5 Chillon Castle, a 10-minute bus ride from Montreux

FOR THOSE with a car (or renting one), here's a great alternative: the nearby medieval town of Gruyères, perfect for Brazilians: green, pristine landscape dotted by lakes and mountains. It's where the cheese of the same name comes from: there are cheese shops and a museum (forget the "like-Gruyères" stuff sold in Brazil: it's chalk and cheese if you'll excuse the pun). The region is famous for its delicious milk cream poured into coffee. And the famous Nestlé Milk chocolates hail from the neighboring Broc (5-minute car ride), home to a factory that organizes visits and daily tasting sessions. If that weren't enough, Gruyères is on the top of a hill and has a stunning castle regularly featuring art displays. Then, you simply must eat some fondue or raclette at one of the restaurants. Dessert? Double Gruyères et meringues cream (a meringue, and what we Brazilians call *suspiros*). It's a no brainer.

Bruno:
learning that
silence is
golden in Asia

Speak and I'll (really) listen

BRUNO FIORENTINI JUNIOR

I left Brazil in 2006 when Yahoo! invited me to work in Australia. After five marvelous years in Sydney, I was transferred to Singapore where I am in charge of Microsoft Advertising operations for Australia, India, South Korea and Southeast Asia (Singapore, Malaysia, Indonesia, Thailand, Vietnam and the Philippines).

It is really challenging to work in a culture that is so diversified and different from that of Brazil but the daily learning process is well worth it. What attracts my attention is the effort and ability these countries put into planning. Their governments know exactly where they want to go and constantly invest in education, basic sanitation and income distribution to boost job creation and encourage entrepreneurship.

Singapore is a world benchmark for efficiency, with its spotless streets, vibrant commerce, bilingual population and per capita income above US\$ 60,000. Penang is a good example of a success story in Malaysia and is known as Silicon Island because companies like Intel, Dell and AMD have established their plants there. While corruption is still a problem to be tackled in Indonesia,

the emerging middle class, which the latest McKinsey survey says should amount to 90 million people in 2030, is driving the economy and attracting investments by companies from around the world.

When it comes to learning, I always say that the main difference is that whereas we in Brazil and the West tend to shoot our mouths off, people in Asia are listeners. You need to appreciate this difference between the two halves of the world to do business or lead a team efficiently. Obviously there are exceptions, such as India, but I prefer to stick to the rule to illustrate my point.

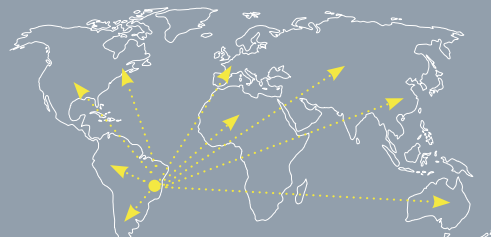
Asians avoid conflict and prefer to listen and digest information before expressing their point of view. It is common in conference calls or meetings to "hear" silence for interminable seconds before someone replies to a question or comment. At first, it is painful to say something and get no immediate reaction. However, this unease eventually becomes a source of satisfaction when you realize that people are really listening to what you say.



PERSONAL COLLECTION

I noticed after some time that breathing is the technique behind this habit. You speak. I listen. I breathe slowly two or three times. I think and, if I have any useful comment or question that will improve my understanding of the subject, I reply. If this is not the case, I keep quiet and let the other person finish his explanation, change the subject or fall silent, giving me the chance to move on to a new topic. When I breathe slowly, I enter the rhythm of the conversation and allow myself to listen and talk with the same attention.

I could speak longer about the benefits and disadvantages of this rhythmic kind of conversation but it is not up to me to judge a custom that has developed over thousands of years. Therefore, I would invite the reader to breathe more and speak less in his or her next conversations. It is an interesting exercise to say the least and will give you a little taste of the Oriental culture I have been living with in recent years.



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