

PIB

BRAZILIAN COMPANIES GO INTERNATIONAL

The world on a skewer

In Asia, Europe, the US and even on the seas, Brazilian steakhouses are a global model

■ ■ WINDOWS

How to make the best of international trade fairs

■ ■ SMALL BUT OUTSTANDING

Temasa (Santa Catarina) makes pine furniture for Ikea and Walmart

■ ■ ENERGY

Head of US Energy wants more partnerships with Brazil



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Eastern picanha:
waiter from
Latina, chain with
9 restaurants
in China

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From the Pampas to the world

Those of you who have already wined-and-dined foreigners in Brazil know the impression that our steakhouses can cause — especially Asians, used to a completely different cuisine, light and frugal. It's thus no surprise that the hearty Brazilian style of serving grilled meats on skewers has slowly but surely conquered the world, in tandem with Brazil's burgeoning economic stature and international relevance. In this edition, we discuss the phenomenon of the global expansion of steakhouses.

We're no longer just talking about Brazilians expanding their local chains abroad or expatriates, pining for picanha (special rump steak) and maminha (porterhouse steak), replicating the gaúcho-style barbecue in their newly adopted countries. Now, foreigners themselves are leading the invasion: hooked on the taste, the abundance and the environment of festive gluttony, they are copying the Brazilian all-you-can-eat format in their home countries, which often includes a gaúcho decoration and gaúcho-style waiters (though not always with the greatest accuracy). This surprising story (China alone has around 200 Brazilianesque steakhouses) is this edition's lead story, written by Dario Palhares (page 48 onwards).

Elsewhere, a special report shows how companies looking to conquer the world may use a traditional foreign trade tool, international fairs: these mass markets of globalization are handy shortcuts for those who know how to use them — a path that many Brazilian companies are learning, as shown by Denise Turco's article. We also shine the light on Temasa, a medium-size Santa Catarina-based industry that exports 100% of its wooden furniture production and whose clientele features heavyweights such as Ikea and Wal-Mart.

In September, we received a call from the press sector of the US embassy in Brasília saying that the head of the US Energy department would be in São Paulo over the next few days and may find time in his schedule to talk to PIB. The interview resulting from this contact is shown on page 4. And also finishing with gastronomy, our Express Tourism section highlights the wonders of Lima, our South American neighbor. In addition to sumptuous pre-Colombian relics and colonial architecture, in recent years the capital of Peru has become a global Mecca of good cuisine, as you will see in our guide. Bon voyage and bon appétit!

Nely Caixeta



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Going once,
going twice...

SOOTHEBY'S / HANDOUT

1

Brazilian contemporary art continues to flourish in the international market. On 20 November, two wooden embossments by Sérgio de Camargo (born in Rio, 1930-1990) received the highest bids at an auction of Latin American works of art held by Sotheby's in New York. All told, Sérgio's works were snapped up for the princely sum of US\$3.49mn: "Lot 21/52", from 1964, was sold for US\$2.165mn, while "lot 289", from 1970, was bought for US\$1.325mn. These amounts surprised the organizers, easily beating Sotheby's initial estimates of US\$400-600k (for lot 21/52) and US\$700-900k (for lot 289). Sotheby's was also surprised that "lot 289", the only sculpture painted in red by Camargo, went for less than "lot 21/52", painted in the traditional color of white, Sérgio's favorite. His sculptures faced tough competition from other

works of art up for sale, as Sotheby's also offered works renowned artists including Colombia's Fernando Botero (1932), Mexico's Rufino Tamayo (1899-1991) and Chile's Roberto Matta (1911-2002), who painted "Morphologie Psychologique" (1939), sold for US\$995,000. Camargo thus joins an elite group formed by Lygia Clark (1920-1988) and Beatriz Milhazes (1960). In August, Lygia's "Superfície Modulada 4" painting (1958) was sold for US\$5.3mn to an American buyer, in what was then the biggest bid for a Brazilian work of art. Beatriz held the previous record, in November 2012, when her "Meu Limão" painting, from 2000, went for US\$2.098mn. Lygia had previously held the number 1 spot in May 2012, when her painting "Contra Relevo (Objeto N. 7)", from 1959, sold for US\$2.2mn at an auction held by Philips in New York.

New corporate geography

The global corporation fortress that was once restricted to the United States, Japan and European Union, is about to be invaded by groups from emerging countries. And they are there to stay. A recent study by the McKinsey Global Institute showed that 45% of the world's 500 largest companies will belong to the new rich arrivals, such as China, Russia, Brazil, Mexico and India, by 2025. The corporate geographic borders began being redrawn at the turn of the century when groups from the former "Second and Third worlds" (remember those terms?) held a share of less than 5% in Fortune magazine's ranking of the 500 largest companies. McKinsey pointed out that just over 10 years later the Indian group Tata was the largest private industrial employer in the UK while the Mexican companies Cemex and

Bimbo were the leaders in cement and bread sales in the US, respectively. The old "First World" is still home to around 75% of the companies with an annual turnover of one billion dollars or more, according to the study. However, they should lose this majority on the board of this select "club" in the long term. An estimated 70% of the 7,000 new billionaire companies are expected to come from emerging countries in the coming 12 years alone. The good news for Brazilians is that São Paulo should further expand its presence on this business map over the next few years. According to a study by McKinsey, Pauliceia is currently home to the headquarters of 49 global corporations, a number that should triple by 2025, growing at twice the pace of Beijing (currently home to 116 global corporations)

1 Red and white: Sérgio de Camargo's works sold for US\$ 3.49 million

2 The number of large groups headquartered in São Paulo will triple by 2025

The shirt is great. The only thing missing is the fifth star.

Luiz Felipe Scolari, Coach of Brazil's 5-time World Cup winning team at the launch of new soccer kit.

2



CAIO FEMENIA/SPLURIS

Brazil team sits down to eat

Brazilian soccer star Neymar’s number 10 shirt will go to the food processing company Swift, captain Thiago Silva’s number 3 shirt to Baggio Café from Araras in São Paulo state and midfielder player Oscar’s number 11 shirt to Maricota from São Paulo. These and another seven companies have joined up with chefs David Hertz and Katia Barbosa to form the Brazilian Food team. The “team” has 11 “players” and two “reserves” and standardized packaging that is numbered exactly like the national football strip. The project required total investments of R\$ 5.6 million and aims to boost food exports. The aim is to take a fresh look at popular food and drinks served in restaurants, bars and homes. Some examples are toasted coffee with cachaça (3), manioc brownies filled with cheese and guava sweet (11) and meat balls with a touch of pizza margherita flavor (10). The traditional “winning” standby Brazilian dishes and drinks, like cachaça and picanha steaks, also feature. The “team” made its debut in October at the world’s largest food industry trade, the Anuga, held in Germany. It will also visit 10 other cities – such as New York, London, Paris, Tokyo and Shanghai – and return to Brazil on the eve of the World Cup in 2014 for “exhibitions” in São Paulo, Porto Alegre, Brasília and Rio de Janeiro.

The Team was created by Enivrance, a company of French origin which specializes in food design, and supported by Apex-Brasil. “The idea is to show the new face of Brazil’s food industry abroad,” said Diego Ruzzarin, director of the local subsidiary of Enivrance. “The best way we found was to reinvent classic Brazilian dishes and drinks with contemporary packaging and local brands.”



1



1



1

Next stop: Asia

Click Bus is a company that has gone international at a very early stage indeed. It has only been in existence for three months yet has already crossed the Equator and is heading further. The company is an online sales platform for intercity bus tickets that was founded by two Brazilians, Marcos Sterenkrantz and Eduardo Medeiros. It has now arrived simultaneously in Germany and Mexico and has already its eyes in Asia. “We want to operate, preferably in countries with an infrastructure similar to Brazil’s with a deficient airport system, few routes and only large centers served by flights,” said Sterenkrantz. The venture took off after receiving an injection of R\$ 5 million from Rocket Internet, a start-up investment fund based in Berlin. The business plan foresees the company’s presence in 14 countries and daily sales of 2,000 and 1,500 tickets in Mexico and Germany, respectively, within nine months. The current daily volume in Brazil is around 800 tickets.

Portugal opens its doors

Brazilians’ image in Portugal is improving. This may be because they form the third-largest contingent of foreigners interested in a Portuguese government program that grants permanent resident status in return for investments. Foreigners pledge to inject capital and can establish themselves in Portugal and may then extend their activities to other member states of the European Union. The program was created in October of last year and has already opened the door to 320 investors from 21 countries. Chinese and Russians lead the ranking by nationality. Brazilians are the third-largest group with nine authorizations and have invested 9.4 million euros – mainly in financial assets and real estate, including vineyards in the Douro. The Portuguese government’s initiative has attracted investments of around 200 million euros to date. These resources are making a difference in an economy that showed the first decline in unemployment in the third quarter – slipping from 15.8% to 15.6% – since 2008 when the financial crisis hit the world economy.

1 Champions of flavor: carbonated wine, açai juice and pizza

4 River Douro: in the sights of Brazilian investors

Sure bet on the US

Forget Mercosur or Latin America. When Hybel, a producer of hydraulic pumps and motors from Santa Catarina state, made its first venture abroad in 2008, it thought big and decided to open an office in Chicago to serve the American market. All the signs are that the bet has worked out and the American office’s business should grow by more than 40%. The company, which is based in Criciúma, also exports to another 15 countries on four continents. Oceania is the only one that is still not on the list of importers. “Around 9% of our business this year will come from the foreign market,” said export manager Fabiano Puccini. The outlook for the international market is encouraging. CEO Natália Boeira says large vehicle manufacturers may still give preference to global suppliers of hydraulic equipment there is still room for others. “There are many niches in which we can operate abroad such as mid-sized carmakers, homebuilders and the industrial machinery and highway equipment sectors”, she said.



4 HANDOUT/TURISMO DE PORTUGAL

Young and daring

Radix Engenharia e Software has only been around for three years but has already made great strides. It has taken part in projects in Mexico, Angola, Nicaragua and Venezuela and opened its first office abroad in August – in Houston, Texas. The intention is to achieve annual revenues of US\$ 5 million from 2016. “We aim to have a turnover of US\$ 1 million in the United States in the first 12 months alone,” said CEO Luiz Eduardo Rubião. Two sales representatives are currently responsible for the operations in the American market. Their main visiting card is a portfolio of well-known multinational clients – such as Petrobras, Vale and Braskem. The company has 300 employees and expects to have revenues of R\$ 50 million this year, 25% more than in 2012.

Lack of corporate transparency

Brazil’s elite companies are still light years away from progressive concepts of transparency, according to a survey in which a select team of Brazilian groups had the dubious distinction of appearing in the second last position in a ranking of corporate transparency within the BRIC countries. The list was created by the German NGO Transparency International and gave an average mark of 3.4 (from 0 to 10) to 13 Brazilian companies, such as Petrobras, Camargo Corrêa, Odebrecht, Votorantim and JBS. The best Brazilian company in the survey, that analyzed the uses and customs of 100 companies from emerging countries, was Marco Polo which came 30th with 4.8. The only country Brazil beat was China, which had an average mark of 2.0 and was represented by 33 companies. The first three positions went to India

(5.4), South Africa (4.1) and Russia (4.3). The Indians had 20 representatives and led the survey with eight out of 10 posts in the top 10 of the ranking. Seven of these were subsidiaries of the Tata Group (see table). The “Transparency in Corporate Relationship” study covered 100 public and private groups in 16 countries, highlighted by the group formed by Brazil, Russia, India, China and South Africa. The analysis was based on three criteria: anticorruption programs in contacts with politicians and other companies; corporate information, including figures on equity stakes; and financial reports on the various countries in which each group operates. It might bring Brazilians some consolation to know that all the emerging countries have much to learn in this area as 75% of the companies analyzed received marks of less than 5.

BRAZIL GIVES POOR IMPRESSION

Ranking of the most transparent corporations from the emerging countries

	Anti-corruption programs (%)	Organizational transparency (%)	International reports (%)	Mark
1 Tata Communications (India)	92	88	34	7.1
2 Tata Global Beverages (India)	92	75	31	6.6
3 Tata Steel (India)	92	75	30	6.6
4 Bharti Airtel (India)	85	75	34	6.4
5 Petronas (Malaysia)	88	100	1	6.3
30 Marcopolo	50	75	18	4.8
34 Petrobras	88	50	0	4.6
38 Gerdau	58	75	4	4.6
41 Brasil Foods	77	56	0	4.4
42 Embraer	54	75	3	4.4

Source: Transparency International

Home again



HANDOUT/PETROBRAS

When Petrobras announced the discovery of enormous oil wells in the Santos Basin during the last decade, everything pointed to Brazil becoming a member of the group of global oil super powers. The view nowadays, at least for the time being, is that this valuable discovery has actually made the company – the main player in this market in Brazil – increasingly less international. To meet the heavy investments needed to explore the pre-salt reserves, the company triggered a rapid process to shrink its activities abroad. This included running down its operations in Colombia, Uruguay and the Gulf of Mexico. Its operation in Peru – where it

produced oil and gas – was sold to the China National Petroleum Corporation for US\$ 2.6 billion last November. A few months earlier, it sold half of its assets in Africa to a fund managed by BTG Pactual for around US\$ 1.5 billion. BTG Pactual is now its partner in a joint venture to explore oil in six countries: Angola, Benin, Gabon, Namibia, Nigeria and Tanzania. Petrobras should have spun off around 40 other foreign operations by the end of 2015, equivalent to one third of its 120 international subsidiaries. The company’s 2013/2017 business plan foresees it obtaining around US\$ 9.9 billion from asset sales, particularly those abroad.

Benefits of global scale

The growing international trend of Brazilian companies has brought changes in the procedures and routine of their human resources departments. Three multinationals – a food company and two construction firms – are negotiating with the Italian insurance company group Generali to create single platforms to deal with benefits for their employees around the world. “American, European and Japanese multinationals have integrated their benefits programs for a number of years,” said Valter Hime, Generali’s director of personal insurance and benefits. This is a logical move as corporate benefits cannot be united in all countries, due to local legislation. At the same time, internationally active companies can reduce their costs through gains of scale by consolidating their negotiations and the subsequent administration on an international scale. “Negative results in one subsidiary can be diluted in the global operation. This is gradually becoming the most established policy,” Hime added.

Reverse gear: Petrobras platform leaves the Gulf of Mexico



HANDOUT

- 1 Wish in Tuscany: Ferraris available for clients
- 2 SPFW's "baby": Salão +B attracted buyers from Asia, Europe and the US

Bye, bye, Big Apple

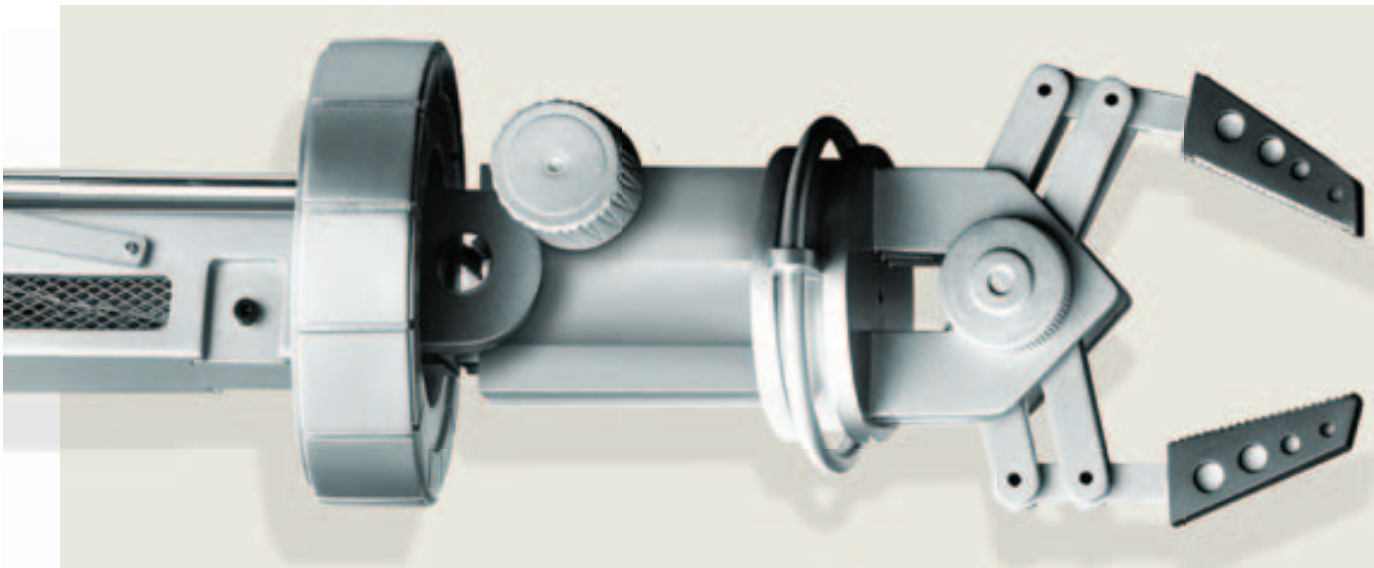
Miami is a traditional destination for Brazilians looking for fun in the United States and would seem to be the ideal location for a Brazilian events company to set up its American office. This is what Wish did in September when it moved its American operation from New York to Florida. Wish specializes in events and marketing projects. It is based in São Paulo and also has an office in Paris. This multinational structure is valuable not only for carrying out events in Brazil originating abroad but also to serve Brazilian companies in other countries. Oddly enough, despite the proximity of the World Cup in 2014 and the Olympics in 2016, it is the marketing side of its business that is currently growing at a faster rate. "Everyone thinks Brazil is expensive and has little structure to receive business tourists," said Natasha de Caiado e Castro, Wish vice-president. The company's clients include brands like Samsung, Danone, L'Oreal, Nivea and GM, amongst others.

Fashion scene is all the rage

São Paulo Fashion Week (SPFW), the biggest and brightest São Paulo fashion event, continues to impress and has now spawned some mini-fashion events, such as Salão +B, organized by Abest (Brazilian Fashion Designers' Association). In its third edition, held in the period 29-31 October at the Brazilian Museum of Sculpture (Mube), Salão +B presented the clothing creations and designs of 36 national brands (of which only 2 took part at SPFW) and was attended by over 200 buyers. 10 of the buyers were international players, invited by Abest and Apex-Brasil, including representatives of the ultra-traditional Selfridges (a chain of high-end department stores whose fashion offering includes creations by leading designers such as Marc Jacobs and Diane Von Furstenberg), the US clothing boutiques Anthropologie and Calypso St. Barth, and the Turkish clothing line Fash Boutique. The Mube museum was also attended by representatives of large hotel chains such as Atlantis International Resorts (Bahamas), Mexico's Las Ventanas and Kerzner International Resorts (present in several countries), all on the lookout for fashion designs to sell at their hotel shops/stores.



PICTURES: HANDOUT



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Social network for innovators

Brazilian researchers living abroad now have a social network to keep in touch. A ceremony was held in the famous Massachusetts Institute of Technology (MIT) in Cambridge at the beginning of October at which the Brazilian Industrial Development Agency (ABDI) launched the Rede Diáspora Brasil (www.diasporabrasil.com.br). The initiative aims to map business opportunities and technology transfers, knowledge and know-how. "The Project is directed mainly at the health and IT and communication areas," said the technical coordinator Eduardo Rezende. The ABDI virtual platform was immediately linked to five virtual innovation and technology communities. Three are located in Boston, near Cambridge: Brazil Today (<http://pubboston.org/>), MIT Brazil (<http://web.mit.edu/misti/mit-brazil/>) and PUBBoston (<http://pubboston.org/>). The quintet is completed by BayBrazil (www.baybrazil.org) and Brazil Innovators (www.brazilinnovators.com) that operate in another famous global technology center, Silicon Valley in California.



Research without borders

Labs Latin America, SAP's research and development center in São Leopoldo (Rio Grande do Sul state) is preparing for a new leap ahead. The German IT giant has signed an agreement with the Ministry of Science and Technology and Innovation (MCTI) to invest R\$ 60 million in expanding its laboratory that was opened in 2006. It is also committed to doubling its research headcount from the current 500 or so in the coming two years. The partnership is based on the Strategic IT Software and Services Program that was launched in August last year. The main aim of the initiative is to attract the global R&D centers of large corporations to Brazil. The federal government is not only offering investments of R\$ 500 million but exemption from the payroll tax of companies in the sector. This will reduce production costs and make products and services more competitive in terms of price. SAP also announced its support for the Science Without Borders program in September. This is run jointly by the MCTI and the Education Ministry and provides support for Brazilian researchers and students abroad. Fifty students from Brazil will carry out internships in SAP's R&D centers in Germany, France, the United States and Canada by 2015.

1 Expansion:
SAP will invest
R\$ 60 million
in its R&D
center in Brazil

2 Ethanol in
the air: Gol
streaks ahead

Biofuels in the skies

Biofuels are beginning to conquer the skies in Brazil. Gol held the first "green" commercial flight in October with a Boeing 737-800 on the São Paulo – Brasília route. The plane flew the 1,200 kilometers burning a fuel mixture made up of 75% kerosene and 25% cellulosic ethanol, produced from sugar cane bagasse originating from plant waste. The test was such a success that another 200 similar flights are scheduled for next year. This shows that the airline was serious when it became the first Latin American flyer in 2009 to join the Sustainable Aviation Fuel Users Group (Safug), created 12 months earlier. The Group now has 30 "partners", one of which is Boeing, the giant American plane maker. Boeing signed a commitment in March last year with two other large plane manufacturers, Europe's Airbus and Brazil's Embraer, to encourage the development of aviation biofuels. The partnership with Embraer led to an action plan, drawn up in cooperation with the State University of Campinas (Unicamp) and the São Paulo State Research Foundation (Fapesp). The program's main objective from here on is to cut carbon dioxide emissions by 50% by 2050 from the 2005 levels.





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Soluções que aproximam

Embratur back in business

Brazil’s official tourism body, Embratur, has finally put the country back on the international front. The Brazilian Tourist Offices network, that was out of action for three years due to problems over its bidding process, resumed business this month. Their routine of the offices will be the same: to promote relationship initiatives and obtain information to define strategies to attract foreign visitors. “The Tourist Offices deal directly with the tourism trade, i.e. operators and travel agents. This makes them very important support tools in selling Brazil as a tourist destination,” said Leila Holdback, Embratur’s international marketing director. Another piece of good news is that the network is expanding. There are currently 13 offices abroad, three more than in the initial period of the project which ran from 2004 to 2010. Seven are in Europe, three in the United States, two in South America and one in Japan.



THE TOP TEN Foreign tourists’ favorite Brazilian destinations

- 1 Rio de Janeiro
 - 2 São Paulo
 - 3 Foz do Iguaçu
 - 4 Salvador
 - 5 Brasília
 - 6 Búzios
 - 7 Belo Horizonte
 - 8 Florianópolis
 - 9 Porto Alegre
 - 10 Curitiba
- Source: Hotel Price Index (HPI)

1 Iguazu Falls: third most popular destination for foreigners

2 Green partnership: Accor and Nordeste have planted 320,000 trees

Going international in the long term

Brazil has still a lot to learn from some of its BRIC “partners” in terms of companies going international. This is the view of economist Newton Kenji Hamatsu who claims that the Brazilian government is not doing enough to support this process. Hamatsu presented his views in a master’s thesis on how companies from Brazil, China and India have carried out their recent international expansion programs. He defended his thesis at the State University of Campinas, Unicamp, in the first semester. “We have come up with emergency solutions that last, perhaps, for five years while other countries think in terms of 30 or even 50 years,” he said. Hamatsu also called for official support to go further than just providing loans. “The first step is to choose which sectors are really important and define the conditions of support for each one. We can think of more specific measures to back each segment afterwards.” This formula has been partly followed by the federal

government since 2011, through the “Brasil Maior” program, an industrial policy that aims to raise investments in fixed capital to 23% of GDP by 2014. However, the initiative is basically limited to granting taxes breaks and providing credit lines from the National Economic and Social Development Bank (BNDES). “The Brazilian Innovation Agency (Finep) has also begun financing companies to go abroad but in a more restrictive way,” said Hamatsu. Brazil’s efforts in the area still lag those of China. Beijing launched a China Going Global project 14 years ago that set targets and strategies to increase the presence of Chinese companies abroad. Meeting this strategy and targets is facilitated by the fact that the state controls most of the multinational companies in China. “Government participation in the process was less incisive in India. Its main role was to facilitate procedures to go international,” he added.

More engagement and more trees

The French hotel group Accor has paid tribute to Brazil by planting hundreds of thousands of trees. Its Brazilian operation took part in the Plant for the Planet program and exceeded its sustainability target well ahead of schedule. The program encourages guests to reuse towels during their stays by offering to direct 50% of the savings in laundry bills to planting trees. Of the chain’s 190 establishment in Brazil, 85% have already adopted the program. The ratio is 25 percentage points higher than the target set for 2015 at global level in around 3,500 hotels in 92 countries. The program was developed in Brazil in partnership with the Nordeste NGO and has led to 320,000 trees of 82 native species being planted in Serra da Canastra in the center-south region of Minas Gerais state.



Pampering is the solution

São Paulo's hotel sector is crossing its fingers. The current season has not met the promise expected in the successful first two months of the year but the signs are that 2014 will easily offset the recent disappointment. The main hotels already have above average reservations, thanks to a number of factors including the upcoming World Cup. "We are receiving around 30 requests for estimates a day for events of all sizes," said Alexis Pagliarini, director of Marketing and Corporate Relations at the Sheraton São Paulo WTC Hotel and the WTC Events Center. If the future market demand is going well, the sector is still trying to find solutions to the structural difficulty of filling the hotels on Saturdays and Sundays when guests, mainly business travelers, return to their home bases. "We had very good occupation levels from Monday to Friday last year of around 90%. However, the ratio falls to 75% when we include the weekends," he added. The solution is to be creative. In Sheraton's case, this was done by pampering guests. "We offer all sorts of things ranging from food for guests' dogs to bikes to pillows in all sizes, shapes and even scented," said Pagliarini who answered three questions put by PIB.

How do you encourage visitors to stay in São Paulo at the weekend?

We made a recommendation to the municipal government tourist agency (SPTuris) to set up a committee with representatives of all those interested in increasing activities at the weekend. The challenge is to find out how we can sell the city as a weekend destination. At the same time, we also have to captivate guests. One example: our chef takes guests to the Municipal Market in Cantareira and shows them the produce on display. He then helps them choose the products that will be used as the ingredients to make their lunch back at the hotel.

What "goodies" does the Sheraton WTC offer its guests?

There are all sorts. If our guests arrive in the morning, we offer the transit lounge where they can have a shower, freshen up, leave their bags and have access to a temporary office. Other hotels have transit lounges but we were the first to provide a fleet of bikes for guests, for example.

Does the WTC help bring foreign business tourists to São Paulo?

If someone from Canada, for example, wants to send a trade mission to Brazil, we offer a match making service and find potential partners and clients for them. It's a long process.



3 questions for Alexis Pagliarini

Wine from Southern Brazil is winning over the world

Some Brazilians turn up their noses at domestic wine, purely out of prejudice. However, the red, white and sparkling wines from Serra Gaúcha have continued to gain new admirers abroad. Vinícola Aurora, for example, has won space on store shelves in Belgium, Luxemburg and Germany, a traditional wine producer. The list was strengthened in 2012 with the inclusion of the UK, Poland and Denmark. The export portfolio includes more than 20 countries on five continents. The main markets are the US, Netherlands, Germany and Japan, respectively. Export manager Rosana Pasini estimates that around 200,000 bottles will be exported this year, an increase of 40% over 2012. The company is based in Bento Gonçalves in Rio Grande do Sul state. This is the main center of the only region in Brazil with an Original Denomination certification for wine. Aurora is pinning its hopes on a selective sales strategy. It takes part on international fairs and promotes tastings and events for sommeliers and other specialists in a number of countries. It is also exploring the niche to supply embassies, consulates and other official bodies. "Aurora is the only Brazilian wine producer mentioned in the catalogue of the Danish company Peter Justesen, an international distributor that specializes in direct business with this government market niche. This opens the doors to 160 countries for our products," she said.



ROSANA PASINI/VINÍCOLA AURORA

- 1 Pagliarini: challenge of "selling" São Paulo to tourists at the weekend
- 2 Long way from home: wines from Serra Gaúcha in a Polish store
- 3 Made in Brazil: treatment for diabetic foot

Biotechnology made in Brazil

A Brazilian invention promises to bring relief to diabetes sufferers. Colzen is a biological dressing for the treatment of "diabetic foot" which affects half of diabetics aged over 60. The drug was developed by Silvestre Labs, linked to the Rio holding Axis Biotec, and will start being sold on the domestic market in November. It should arrive in the Northern hemisphere soon. "We have already obtained patents for Colzen in the US and European Union. We are currently negotiating an international distribution of the product with three laboratories," said Eduardo Cruz, CEO of Axis Biotec. The holding company has been on the market for 25 years and is extremely active in developing new drugs from a technological base, including abroad. Its international operations are concentrated in the US where it is the controlling shareholder of Rexaderm which holds international patents in the dermatological area. It also has stakes in Saneron – which finalizes research for the use of trunk cells in treating Alzheimer Disease – and Cell Praxis USA, which focuses on regenerative medicine and cellular therapy. Axis is starting to work with monoclonal cells in Brazil through its subsidiary, Pharmaprxaxis and an agreement with the Canadian company Plantform. The intention is to direct the drugs straight to the cells on which they should act. The group's turnover should come to R\$ 70 million this year.



HANDOUT

Vegan with style and flavor

DESSERTS
Divas
icious

Vegan cuisine represents, for some unwary gourmets, a complete deprivation of culinary tastes and pleasures. Determined to do away with this prejudice, the Brazilian chef Fernanda Capobianco (see photo) has just launched, in the US, the “The Vegan Divas Cookbook”, featuring over 70 recipes with zero animal protein. Roast pumpkin with peanut sauce, smoked tomato and black bean soup, sweet potato pancakes, and espresso and lemon panna cota are just some of the tempting recipes, all low on calories, featured in the cookbook. A fan of vegan cooking since she was a teenager, Fernanda transformed her eating habits into a mouth-watering business. Born in Rio but living in New York for the past few years, in the Big Apple she founded a company specialized in 100% healthy desserts, without giving up the taste: Vegan Divas, which now reveals all its secrets (or almost all of them) to PIB readers. They’re worth checking out because their creator, in addition to her talent, devotes practically 100% of her time to cooking, since she is married to the renowned French chef François Payard.



HANDOUT

ROGERIO VOLTAN

Big guys fight it out

The number of multinationals from emerging countries is growing steadily but the big names from the rich countries are still dominant. Only five companies based in emerging countries figured among the 100 largest non-financial multinationals by their asset value in 2011. The mining group Vale was the only Brazilian group to appear in the list, located among two Chinese companies (Citic Group and Hutchinson Whampoa), one Malaysian (Petronas) and one Mexican (Cemex). The figures appear in the second edition of the book *Inward and Outward FDI Country Profiles* (New York: VCC, 2013), launched by the Vale Columbia Center on Sustainable International Investment, part of New York’s Columbia Law School. The chapter on Brazil highlights the fact that a large amount of Brazilian multinational investments abroad pass through tax havens or financial centers before reaching their final destination. Caribbean tax havens like the Cayman Islands, the British Virgin Islands and the Bahamas accounted for most of this movement to 2008. However, some of these resources started to be channeled to Europe from 2009 on. Austria, in particular, became the largest temporary recipient of Brazilian investments destined for Europe, along with Luxembourg and Hungary. The book was organized and edited by Karl P. Sauvant, Padma Mallampally and Geraldine McAllister. It brings together the profiles of foreign direct investment of 40 countries presented by the Vale Columbia Center in its Columbia FDI Profiles series—whether as investors or recipients of foreign capital. It also contains the profiles that were originally published in the first edition in 2011. The book can be downloaded electronically at the following address <http://www.vcc.columbia.edu/books>.



HANDOUT

Tackling crises in the virtual era

Is the corporate world about to be struck by thunderstorms? Better get the firefighters into action as soon as possible as the Internet and social networks can give local problems with employees, suppliers, clients and authorities a global dimension in the blink of an eye. This warning is given by journalist, university professor and consultant João José Forni. He is the author of “Gestão de crises e comunicação – O que gestores e profissionais de comunicação precisam saber para enfrentar crises corporativas,” (“Managing communication crises – what managers and communication professionals need to know to tackle corporate crises”). The book, which was published in August by Editora Atlas, has a preface by the journalist and former minister Miguel Jorge. It not only covers business issues from a conceptual and practical point of view but, more importantly, deals with ways of preventing sudden crises arising. All this is backed up with analyses and comments related to more than 50 example of big cases that hit companies. Forni believes that more than 50% of the crises that make the newspaper headlines and appear on computer screens can be detected well in advance. He believes they can be avoided if the company has controlling bodies and instruments and, above all, is prepared to act. “Some examples are white collar crimes, fraud and rule breaking that the supervisory bodies have not detected,” he said. Forni is a former head of Banco do Brasil’s communication area.



HANDOUT

Fernanda: 17, chef makes her choice in the kitchen



1 e 2 Expanding through acquisitions: Metalfrio plants in Turkey and Mexico

1 2

Appetite keeps expanding

Two out of three Brazilian multinationals intend speeding up expansion projects abroad and the remaining third have no plans to retract

DARIO PALHARES

The economic crisis that shook the world five years ago – hitting the Northern Hemisphere in particular – failed to dampen Brazilian multinational companies’ interest in their foreign operations. After retreating in 2009, when the effects of the financial cataclysm were felt worldwide, this select group of around 50 corporations which have their own operations abroad – resumed their bets on going international. This was

seen in the latest three issues of the

Stefanini has US\$ 150 million available for new acquisitions by 2015

Ranking of Brazilian Multinationals which the Fundação Dom Cabral business school has been drawing up for the last seven years.

The multinational index – calculated based on the weight of the assets, revenues and headcount outside Brazil in relation to the companies’ total numbers – has not stopped growing over the last three years: 16% in 2010, 17% in 2011 and 18% last year. Moreover, no company is thinking of pulling back. Two thirds (67%) of those interviewed in the latest report, pub-

lished in August, intend increasing their foreign presence while the remaining 33% will maintain the status quo.

One of the most ambitious in the first group is Stefanini which provides information technology services and was third in the Fundação Dom Cabral ranking (see table on this page). The company was founded in 1987 and landed in Argentina seven years later full of hope. However, as domestic demand was very heated at that time, the project to obtain new business abroad needed to wait. “Our real international expansion began in 2000 in the Americas. We now have operations in 30 countries on five continents and have four large business divisions: Europe, United States and Asia, Latin America and Brazil,” said CEO Marco Stefanini.

Some of these markets were ac-

FROM BRAZIL TO THE WORLD RANKING OF Brazilian multinationals - 2013

	COMPANY/ GROUP	OPERATING SECTOR(S)	MULTINATION- AL INDEX*
1	JBS	Meat	0.589
2	Gerdau	Steel	0.542
3	Stefanini	Information Technology (IT)	0.496
4	Magnesita	Refractories	0.457
5	Marfrig	Meat	0.433
6	Metalfrio	Commercial refrigerators	0.427
7	Ibope	Market research	0.364
8	Odebrecht	Construction, engineering, petrochemicals	0.349
9	Sabó	Autoparts	0.333
10	Minerva Foods	Meat	0.320

* The index corresponds to the sum of the following coefficients: assets abroad/total assets, revenues abroad/total revenues/headcount abroad/ total headcount.
Source: Fundação Dom Cabral.

PICTURES: HANDOUT METALFRI



1 Stefanini: operations in 30 countries on five continents

2 Lima: support from University of California to set international route

cessed through acquisitions. The investment started in 2010 and Stefanini has assumed control of 10 companies abroad since then. These include Informática & Tecnologia in Colombia, Top Sistemas in Uruguay and RCG Safingol in the US which specializes in recruiting and training IT technicians and was bought in July of this year. This strategy has allowed the company to quintuple its revenues and ensure a place from 2011 in the list of the 10 most internationally active companies in Brazil. However, Stefanini is still not satisfied and wants more. It has US\$ 150 million available to buy new businesses in Brazil and abroad by next year.

“There is still a lot of room to grow, including via acquisitions in most of the countries where we

operate, especially the US which is the biggest consumer of IT services, with 20% of the global market,” he added. Stefanini’s long-term aim is to spread its sales abroad even further. “Around 60% of our revenues (estimated at US\$ 1.2 billion for 2013) currently come from Brazil but we intend inverting this proportion by the end of the decade.”

Metalrio, the world vice-leader in the commercial refrigerator sector, is pinning its hopes mainly on

Metalrio’s revenues more than tripled after going abroad

consolidating its operations abroad. The company was founded 50 years ago by engineer Joaquim Caio, the biggest Brazilian multinational with revenues of up to R\$ 1 billion (and sixth largest overall in the ranking). It first went abroad in the middle of the last decade shortly after it was acquired by Atresia Gestão de Recursos, which also controls the Le Lis Blanc store chain and builder Abyara, amongst others. An internal revolution occurred and the company, which previously had only one plant, ended up with four in a short period of time.

Between 2005 and 2008, not only did it transfer its Brazilian plant from São Paulo to Três Lagoas

(Mato Grosso do Sul state) but the new management started production in Turkey, Russia and Mexico through acquisitions. The expansion required investments of around US\$ 70 million, paid for with funding of R\$ 453 million when the company was listed on the BM&FBovespa in April 2007. “Our revenues shot up from R\$200 million before going international to somewhere between R\$ 720 million and R\$ 740 million. The financial crisis broke out just

Newcomer WebRadar can rely on the giant Intel as a minority partner

after we invested abroad but we got it right in geographical terms,” said the CEO, Luiz Eduardo Moreira Caio, son of the founder.

Metalrio has annual installed capacity of 360,000 refrigerators in Turkey (slightly lower than the Três Lagoas plant) and is the apple of Caio’s eye. Turkey is within two hours flying time of countries which represent one third of world GDP, it lies between two continents and is the gateway between the West and the Middle East. It has a good infrastructure, particularly in logistics, and labor along with a strong, hardheaded vocation for trade. “It is a good base for the European market and is to Europe what Mexico is to

the United States,” he added.

The head office in São Paulo is patient and does not interfere to any great extent in its foreign businesses for a long time. Caio said the idea was to learn the secrets of its new market in the Northern Hemisphere. It was only last year that an effort got underway to obtain greater synergy among the four plants. The main goal is to reduce spare capacity without giving up the chance of good business opportunities. “We are currently only using 60% of our installed capacity but have plans for organic growth via acquisitions,” Caio said.

Another company that is following the path of Stefanini and Metalrio is WebRadar which looks set to be jostling for a leading position in the Fundação Dom Cabral ranking of multinationals shortly. This small IT service provider was founded in 2008, grew rapidly and became a

PREFERRED DESTINATIONS

COUNTRIES WITH highest presence of Brazilian multinationals

1 United States	41
2 Argentina	35
3 Chile	30
4 Colombia	23
4 Uruguay	23
5 Mexico	22
5 Peru	22
6 China	21
7 UK	19
8 Paraguay	17
8 Venezuela	17
9 Portugal	16
10 France	13

Source: Fundação Dom Cabral.

PICTURES: HANDOUT

player on the international stage. “We offer continuous information to monitor the quality of clients’ specific services and demands. This is vital data for clients in defining their marketing strategies,” said the CEO and founder Adriano Rocha Lima.

The company won the Finep Innovation Prize in 2013 and is the only firm in the sector to operate in cloud computing in processing large

volumes of data. This allows the clients to access their data remotely without needing to spend millions of Reais on their own servers. This gives the company a great differential and the business quickly drew attention abroad. Its baptism occurred in great style when it won an international competition for Nokia in 2009. Its international client portfolio currently includes subsidiaries

of Nextel in Argentina, Chile, Peru and Mexico and some of the Telefônica group’s operations in South America, such as Peru and Chile.

With only five years on the road, WebRadar aims to obtain 60% of its revenues abroad this financial year which it estimates at R\$ 16 million. The goal is to reach 70% in 2015 and remain at this level as Lima has great expectations for the prospects

for data processing on two domestic fronts, the transport and energy sectors. He is already planning to open the company’s first offices abroad – in the US in 2014 and in Europe at a later date. “The University of California in Los Angeles (Ucla) is helping us draw up a business plan for the American and Canadian markets. It will be the definitive script for our international expansion,” he said.

The company is also relying on two other prestigious “godfathers” beside the Ucla. One is the Brazilian Innovation Agency (Finep) which provided a non-repayable grant at the end of the last decade that allowed it to make a definitive change of level. The other is Intel, the giant American microprocessor manufacturer which became a minority partners in the business in 2012, beating

off a number of rivals to do so. “The proposal was very good as, besides the capital injection, it allowed us to swap ideas with a heavyweight partner in the IT area. Intel promotes meetings and synergies among the various companies in which it has stakes and the technology market abroad. It is priceless.”

GLOBE TROTTER

THE DECISION taken by Brazilian companies to go abroad is a recent one. The phenomenon first surfaced in the middle of the last decade when exports took off – jumping by 246.4% between 2001 and 2010 – and the appetite shown by domestic groups in acquiring companies and plants abroad. For example, foreign direct investments by Brazilian multinationals in 2006 came to US\$ 28.2 billion and were only exceeded at global level by Hong Kong, according to a study by the Fundação Dom Cabral business school and Columbia University in the US.

After a long hibernation, Brazil turned its face to the world once again and increased its share of global trade from 2003. This was still a modest affair as its share only rose from 0.9% to around 1.3% but, at least, the “lost years” were a thing of the past. This re-entry to the global economy was driven mainly by the Ministry of Development, Industry and Foreign Trade (MDIC) during the period when Luiz Fernando Furlan was in charge. He was the mentor of Sadia’s highly successful international expansion strategy in the 1990s. Sadia later went on to merge with Perdigão and form BRF. Furlan received an invitation from the

newly-installed president, Luiz Inácio Lula da Silva, and was given the mission of boosting exports which have risen by average annual rates of 4.5% since 1993. He began traveling around the world “selling” products and services “made in Brazil”. “I made 126 foreign trips between 2003 and March 2007 when I left the government. This was an average of 7,000 kilometers a day,” he said.

In his first eight months in government, exports reached a record level for the period of US\$ 45.5 billion, 22.9% higher than January and August 2002. At the end of 2003, foreign sales and the trade balance came to US\$ 73.2 billion and US\$ 24.8 billion, beating the previous targets by 7.6% and 24%, and the previous year’s figures by 21.19% and 87%. Another milestone was achieved 14 months later, in February 2005, when Brazilian exports accumulated over 12 months overtook the US\$ 100 billion mark for the first time. “The target was met 22 months ahead of the deadline,” said Furlan.

The foreign trade growth strategy followed two main lines: sales of new products to traditional markets and sales of traditional products to new markets. One of the highlights

in the first case was the Mercosur free trade area (Argentina, Paraguay and Uruguay) where imports of Brazilian commodities and manufactured goods increased by 332.68% between 2002 and 2007 to US\$ 14.3 billion. The portfolio of buyer countries in the footwear area, where Brazil was one of the world’s biggest exporters for decades, rose by 23.72% in the same period – from 118 to 146 destinations. The sector’s foreign sales rose even further by 31.7% to US\$ 1.9 billion in 2007.

The membership of the exporters’ “club” also received a considerable boost. In 2007, 23,537 companies sold goods abroad, 21.83% more than in 2002. The Midwest, Northeast and Southeast had big rises of 61.67%, 36.69% and 25.37%, respectively. “We identified potential exporters and took them to meet potential markets for their products abroad,” said Furlan. “To do so we reorganized the Brazilian Trade and Investment Promotion Agency (ApexBrasil). Instead of trying to convince companies in Brazil, its priority mission was to take business leaders on foreign trips.”

The trips included events like the Brazilian fashion weeks in Paris, Milan and Moscow, Brazilian Week

in the Middle East, fashion shows in London’s Oxford Street and bikinis in Moscow’s Red Square. There was also the Year of Brazil in France (2005) with a churrasco barbecue and caipirinha stand in the Elysee Palace, the official residence of the French president. Another event was a show by Gilberto Gil in the Invalides Palace. “President Lula accompanied us a lot in this program, as he was always a great lobbyist for Brazilian products.” Furlan dismisses criticisms made of the former president for continuing to “sell” large Brazilian companies in speeches abroad. “Pure envy,” he said.

This globe-trotter was a hard act to follow when he left the government in the first quarter of 2007. During his period as a minister, he ensured greater support for companies that wanted to go abroad with the beginning two years earlier of the Foreign Direct Investment operations by the BNDES. He also promoted Brazilian design by subsidizing the contestants for the iF Award, the most highly prestigious competition

for industrial design in the world. Another achievement was a 16.2%



increase in exports in 2006 over the previous year to a record US\$ 137 billion. Despite this, he still feels a little frustrated over one disappoint-

ment. “We never managed to meet the target of exporting US\$ 2 billion in Information Technology services. Never mind, the sector exceeded this mark long time ago,” said the former minister, who is currently a member of the board of directors of BRF.

The work he carried out leading the MDIC led to an invitation to become a member of the Global Ocean Commission (GOC). This NGO was founded in February of this year and brings together outstanding figures on the international front such as José Maria Figueres, former president of Costa Rica, David Miliband, former UK foreign secretary, and India’s Ratan Tata, former chairman of the Tata Group. Its first big challenge will be to formulate governance rules for international waters which will be considered by the United Nations next year. “The so-called high seas make up two thirds of the oceans and around half the Earth’s surface. We need to quickly establish international rules to manage them in a sustainable and efficient way. The future of the planet depends on this,” said Furlan.

Business showcase

Participating in trade fairs is the right way for Brazilian companies to go international

DENISE TURCO

The Canton Fair, a giant multi-sector business fair held in the city of Guangzhou (or Canton) in China, is one of the most important events of its kind in the world. It receives around 24,000 exhibitors every year and over 200,000 visitors to its two versions, held in spring and autumn, drawn by the prospect of deals of around US\$ 35 billion. Nevertheless, it is rare to find companies from Brazil there and on one occasion only two appeared in the Brazilian pavilion. Five exhibited in 2012 and only five have registered once again this year for the 12 spaces available for the autumn event in October and November.

There are a number of reasons behind this reluctance to take part, the main one being the great lack of knowledge of the enormous Chinese market which is not only remote in geographical terms but also in language and culture. However, Brazil's reluctant companies do not know the opportunities they are missing. International fairs are great showcases for companies that want to become global. This was the case with Astra from Jundiaí in São Paulo state which manufactures toilet seats, hydraulic ma-

terial, bathroom accessories and domestic appliances and is one of the few Brazilian businesses to exhibit at the Chinese fair. The Astra sales director, Joaquim Coelho, said the group was going to the Canton Fair not only to serve the Chinese market but also to gain visibility at world level which would expand the chances of doing business with clients from other continents.

Coelho said Astra had sold a large volume of electric showers to an African country, without giving any further details, thanks to its participation in the fair in China. Exports to more than 30 countries currently represent 8% of Astra's physical sales volume. Its foreign sales go mainly to Latin America, the United States, Africa and the Middle East.

Astra is one example of an exporting company that uses the short cut provided by large fairs to reach out to clients on the global market. This kind of event gives companies the chance to launch products, export their brand, get to know the competition, update their technology, carry out networking and cultivate client relationships — all in a single place.

This is a varied business world with impressive figure. Its global

trade association, UFI, says 30,700 exhibitions are held annually worldwide and receive 2.8 million exhibitors and 260 million visitors. China and Asia are increasing their participation in this market but Europe retains its traditional strength and is still the benchmark. Paris and Milan host famous architecture and construction, food and furniture events but there is no doubt that Germany is the runaway leader. It has well-equipped pavilions, solid transport and hotel infrastructure and organizational know-how which has made the large German cities the global icons of the events they host.

Therefore, industrial equipment, for example, is immediately associated with the Hannover Messe, the biggest event of its kind in the world. The CeBit and Agritechnica fairs, that also take place in Hannover, have the same status in the information technology and agricultural machinery and equipment sectors. Similarly, Cologne is the setting for the Anuga, a large food fair, Düsseldorf for Medica, directed at the hospital and health area, Munich has the Bauma for machinery and equipment; and Frankfurt has become synonymous with books and publishing. Brazil was the guest of

honor at the 2013 Frankfurt Book Fair held in October when 168 Brazilian publishers were among more than 7,500 exhibitors from 111 countries present. The event drew

“My brand is seen by buyers from the whole world at a fair”

around 300,000 visitors.

Companies of very different sizes and sector have learned to use the power of these public global market

places to advance their businesses. This is the case with Francisca Vieira from João Pessoa in Paraíba state. She creates organic cotton clothes in natural colors and bet on the finishing — carried out by craftspeople in the Northeast — and productive processes in line with concepts of sustainability to find success on foreign markets. Furthermore, it

was a specialist fair that has turned out to be her springboard. “If an international buyer comes to Brazil, he is the only person who sees



Canton Fair, gateway to China and the world



1



2

my product and wants to pay a low price. However, the whole world can see my brand at a fair and demand increases a lot. I recommend manufacturers to show themselves abroad,” she said.

It was essential for Francisca to find the best event that would put her in touch with her public. She took her collections to the annual Biofach organic products fair held in Nuremberg, Germany, for the first time in 2012. She managed to make some deals with a German distributor, an ecological fashion chain in Egypt and an American buyer. After her debut, she returned to Nuremberg this year and her little stand was packed with visitors, with at least 50 potential buyers stopping by. One of the most important breakthroughs was a partnership with a German company to develop a women’s collection with colored cotton that will be distributed to stores in Germany, Switzerland and the Nordic countries.

The result was so positive for exports that Francisca changed her promotion strategy. She decided to give up standard fashion events, including those in Brazil, to concentrate entirely on those directed purely at organic products. “We

would go to five fashion fairs to find a distributor. However, the opposite is the case at the Biofach and we found a number of distributors in just one place,” she said. She packed her bags once again in October and headed off to the same version of the fair held in Japan where she already has two distributors. She will take part in the German event once again in 2014 and will also visit the US. She

Despite the recent advance, Brazil’s presence is still small

expects to boost foreign sales in 2014 from their current 30% of turnover to 50% through her company’s presence in international fairs and by taking advantage of the growing consumer interest in environmentally-friendly fashion items.

Francisca is a small business-woman but what she says is also valid for large companies. “The most important benefit is to be at fair and open new markets,” said Edgar Matos, export director of the food producer Bauducco from São

Paulo. Bauducco is a large Brazilian manufacturer of cookies and panettones, a kind of fruit cake eaten at Christmas, which has been taking part in world events directed at the sector for over a decade. “The costs are not low but it is a necessary investment for a brand that wants to be international”. In line with view, the number of Brazilian companies that have begun to exhibit themselves at international fairs has been growing lately. Although there are no official statistics, as there are so many events around the world and in different formats, those in the sector believe it

is growing and also maturing, with companies planning their participation and exhibiting in a more professional way. “Companies now organize themselves for the fairs, know clearly what they want and outline a strategy. This was not the case five years ago,” said Brena Bäumlé, director of Bäumlé Trade Fair Organization and Administration. Her company was founded 35 years ago in Curitiba, Parana state, and works right from the strategy of choosing the best fair to the execution of

the plan, with the assembly of the stands. The company is a partner of the Brazilian government in the Sial food fair held every two years in Paris and serves mid-sized companies as well as giants like JBS and Brasil Foods.

However, the Brazilian presence in international events is still advancing at a slow pace despite this greater maturity. This may be due not only to factors such as exchange rate variations but also to the lack of incentives and preparation by business leaders, fear of venturing abroad, and little or no experience of international negotiations, as well as the linguistic barrier. “We believe that Brazilians will check out the trends and new developments to bring to Brazil and also import products,” said Andreza Perri, the international coordinator in Brazil of the Biofach organic products fair and the Bauma fair for construction and metallurgy machinery (both from Germany). When companies decide to export, most usually choose the collective stands mounted by the Brazilian Trade and Investment Promotion Agency (ApexBrasil) and by sector associations. However, a common mistake is the lack of a long-term international expansion plan. “Let’s say a company participates one year

PICTURES: HANDOUT

1 Exponor in Chile: Mining machinery
2 Astra at the Canton Fair: unusual appearance

START PACKING YOUR BAGS

TIPS ON planning a company’s participation in an international trade fair

Advance research

If you have never taken part in a fair as an exhibitor, visit the event beforehand. Check out the competition that will be there and the return obtained by other companies.

Target public

Make sure you will meet your target public at the fair – senior executives or operational personnel, for example – to avoid being disappointed by the results.

Clear Aims

Go to the event with clearly defined objectives: research the market, look for a distributor, launch a product, strengthen the brand, etc...

Product and price

Get to know the market in advance. Find out whether your product is competitive and the packaging is compatible with the local standards. Make sure you get the right price combination.

Exhibiting

Exhibiting your products at the stand makes a difference. Seeing it, touching it and testing it will enhance the interest of the potential partner. Foresee the logistical difficulties and plan for them.

Prepared team

Send employees who are motivated and prepared to serve the clients at the international

events. If necessary, have a relay system to avoid jet lag among frequent fliers.

Language

It is essential to speak English at least — even better if someone from the team speaks the local language. The same rule applies for the publicity material and site.

Communication

Adapt the message of the publicity material, leaflets and videos, bearing in mind the company’s objectives and — very important — the culture of the country.

Customs

Learn beforehand how to handle the local customs and situations; be punctual and respect the country’s customs.

Negotiating

When in contact with potential clients, be clear about the opportunity you are pursuing and what you aim to do with the merchandise.

Result

Don’t expect to obtain orders at the event itself. Most international trade fairs serve to make a first contact and establish the commercial relationship from then on.

Presence

Be present at the conclusion of the fair. Don’t swap the closing event for an afternoon shopping.

Sources: Andreza Perri, ApexBrasil, Bäumlé, BMS and China Trade

but does not come back the next. This gives the international buyer a negative impression as it finds it odd when the company disappears and this affects its credibility on the international market.”

This is certainly not the case with Stara which produces agricultural machinery and equipment and is based in Não-Me-Toque in Rio Grande do Sul in southern Brazil. It uses the Agritechnica agricultural technology fair held in Hannover, Germany, as a platform to display itself to the world. The company has attended every event since 2001. Since then, it has made deals in Russia and Eastern Europe, the region where it finds the best opportunities to sell its products, along with coun-



tries in South America and South Africa. “Taking part in events abroad is essential if the company is to remain strong and not run great risks,”

said the company’s export manager, Márcio Fülber. Stara has 2,800 employees and revenues of R\$ 600 million and its presence in agricultural

technology fairs is its international and market diversification strategy to avoid what happened to European companies after the global crisis

of 2008. Many of them faced great difficulties in expanding exports when their home market started shrinking, Fülber said.

Stara’s sales to Eastern Europe amounted to US\$ 15 million last year and should rise to US\$ 20 million in 2013. However, things were not always like that and the company lost big clients in the region during the 2008 crisis. To recover market, it took advantage of meetings organized by ApexBrasil at an international event held in Brazil in 2011 at which buyers from these countries were present. The meetings were followed by the Agritechnica fair and brought such strong results that the company managed to return to the region in strength. Its main cur-

rent clients are in Russia, Kazakhstan and Ukraine. The business has also matured. Stara takes part in bids in the region and differentiates itself from European rivals by working with exclusive importers. “This allows us to be more aggressive as the partnership is focused on the region and the product,” Fülber said.

As might be expected from such a large agricultural producer, Brazil has a strong presence in food fairs such as the Sial in France and the Anuga in Cologne, Germany. Figures from the event organizers provided by Bäumle show that 82 Brazilian companies took part in collective

1 Brazilian Pavilion at food fair: various flavors
2 Stara in Hannover: sells in many languages

PAYING ATTENTION TO THE CUSTOMS OF OTHERS

GAFFES AND mistakes by rooky salespeople in their first contacts with foreign customs are folklore. However, this is a very real risk as cultural differences can upset promising business opportunities. This is a factor that scares many Brazilian companies when they go international. Joaquim Coelho, of Astra, gives an example of the care that is needed. “We would never show a photo of a woman having a shower to present the product in a leaflet for the Arab market,” he said in consideration of the Arab cultural approach to the representation of the human body. Astra avoids such misunderstandings by providing more objective materials at trade fairs such as product catalogs.

Language is often where companies slip up. Some exhibitors forget to bring communication material in the local language or, at least, in English. Clélia Angelon, of the

organic cosmetics producer Surya Brasil, recalls seeing Brazilian businessmen at a fair in San Diego, in the United States, handing out price lists to big retailers like Walmart and CVS in Portuguese with the amounts stated in Brazilian Reais. Stara is painstaking in this area and invests in language courses within the company. “Our team has people who speak English, Spanish, Romanian, German, Russian...,” said Márcio Fülber, the export manager. “We try to communicate in the mother tongue of the client we are doing business with.”

The visual appearance of the stand also shows whether the company is concerned — or not — with local habits, said Brena Bäumle of Bäumle Trade Fair Organization and Administration. Americans prefer simple, uncluttered stands whereas the décor in Europe and Arab countries should convey a sense of luxury

and comfort. “The BRF stand in the United Arab Emirates had a carpet and crystal lamp,” Brena said. She recommends ditching black or dark colors when doing business in China as the Chinese like lively colors such as red and yellow. The way of talking and negotiating is also important. It is wrong, for example, to try and negotiate with a potential Chinese partner as if you have known it for a long time. This kind of attitude could lead to losing a deal. “This contrasts the Brazilian immediacy with the long-term view the Chinese take,” warned Aldenizio Bezerra of MChina Trade “Brazilians often want to go to China to buy the greatest possible volume at a low price and get fast delivery. However, what the Chinese want first of all is to get to know the Brazilian company and see what kind of partner it could be in the long term as relationships are extremely important for them.”

PICTURES: HANDOUT

Ricardo Santana, business director at ApexBrasil, highlights the importance that should be given to trying to understand how to think and act like the people on the other side. “Try and show that you have prepared for the event by studying the customs of the country. Brazilians like physical contact, to hug and kiss but not everyone else does,” he said. Some common habits at Brazilian trade fairs can appear strange in other countries, such as stands with a party atmosphere, loud music and lots of food and drink available. Events abroad are usually directed purely at business and the visitor does not have time to waste. Brena Bäumle says that visitors to the Sial French food fair do not spend much time at a stand if they are not given important information and they are not interested in small talk. “The executives who go to the Sial are under great pressure, particularly the



Europeans in these difficult times. They need to close orders, negotiate prices and want an objective approach.” This does not mean giving up a friendly, welcoming approach which is what many foreigners

expect from Brazilians but the focus should be on the main point which is to have important information available. Sympathy and personality are welcome but they do not guarantee success.



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1 Francisca Vieira's colored cotton clothes... 2 and 3 snacks at a typical Brazilian corner bar 4 ApexBrasil collective force

stands and 30 in individual stands at the 2012 Sial which drew 5,890 exhibitors from 100 countries. Brazil was ranked ninth in terms of exhibitors and 12th in foreign visitors. To encourage and support domestic companies in taking part in other fairs, ApexBrasil provides financial subsidies and technical consultation services. It pays some of the costs of renting space and setting up the stand, thereby significantly reducing the amount the company would

have to invest to exhibit on its own. APEX also works on the technical side in carrying out a prior study with commercial information, indicating buying countries, the right price level, market profile, distribution channels and sector trends, according to the ApexBrasil business director, Ricardo Santana. "We also promote meetings between suppliers and buyers during the fairs which helps increase business." (See article below.)

ApexBrasil taught Francisca Vieira how to prepare for international events and also provided financial support of up to 80% of the costs. She said these incentives made it cheaper to take part in an international event with the agency's backing than in a fair in Brazil. The average initial volume of business carried out at international fairs in which ApexBrasil participated in 2103 was R\$ 8 million. This amount can rise subsequently when many

deals that got underway during the fair are concluded.

Nevertheless, as stated at the beginning of this article, neither the institutional and financial support is whetting the appetite of Brazilian business leaders to go halfway across the world to an event as important as the Canton Fair in China. The China Trade Group — which operates in foreign trade, helping companies at trade fairs in Asia — and ApexBrasil work in partner-

ship to encourage Brazilian companies to take part in the Canton event by providing free space in a collective stand and an interpreter. The companies only pay the freight costs to send their display material. Even then, there are few candidates. "Despite everything, we have an immense difficulty in persuading companies to exhibit," said Aldenizio Bezerra, China Trade's commercial manager. Many Brazilian executives with experience and interest

in imports visit the Canton event. However, Bezerra believes the Brazilian companies are little prepared to operate in Asia as exporters. "They are afraid of not knowing the market, not adapting, not knowing who to approach, the price to set and the specification". This fear is certainly understandable. China really is different and the cultural barriers can lead to a loss of a commercial proximity. (Read more on page 36.) However, careful preparation — combined with the support of experienced organizations — can help novice exporters not only decipher the Chinese enigma but also avoid beginners' mistakes in other places around the world, as we will see in the following pages.

TEAM WORK MAKES THINGS EASIER

The support ApexBrasil provides for exporters to take part in trade fairs is one of the best known of its many activities. To do so, it promotes partnerships with sector associations that want to encourage their members to go international. The agency also has agreements with the food, beverage, agribusiness, house and construction, creative economy, machinery and equipment, technology, health, and fashion sectors. For example, a partnership with the Brazilian Machinery and Equipment Industry Association (Abimaq) that began in 2000 led to the creation of the Brazil Machinery Solutions Program (BMS) that brings together 137 companies, most of them mid-size.

The priority markets for the program — and also the fairs — are

in South America, led by Colombia, and Africa. The Colombian market is strategically important due to its purchasing potential for agricultural machinery, as much of the land that was previously held by the FARC rebel group is being handed back to the government. This land is expected to be used for agriculture, said Klaus Curt Müller, the BMS manager and Abimaq's executive director for foreign trade. BMS and ApexBrasil recently opened an office in the Colombian capital, Bogota, which is shared by 14 Brazilian companies from the sector. The idea is to work as a post-sales center and facilitate the relationship with clients and government.

The partnership is also investing in the Agroexpo agricultural fair held in Bogota. However, BMS is

also present in Exponor, a mining industry fair in Chile, and two global events held in Germany - K, a fair for the plastic sector, and Agritechnica. "What differentiates the Brazilian machinery sector is that we are not as rigid as other exporting countries that manufacture machines which are difficult to adapt and customize," said Müller when talking about the potential and positive aspects of the sector in the foreign market. "We are not a world benchmark like Germany but we have the technology and creativity to meet client needs."

BMS took part in 11 fairs in 2012, with 87 companies present. It also participated in another nine events between January and July in 2013 and expects this figure to rise to 15 for the year as a whole. The results have been extremely positive. Müller

said BMS expanded its exports by 217% between 2007 and 2012 while those companies that were not supported by the program registered growth of only 1%. The group's export sales jumped from US\$ 338.5 million to US\$ 1.06 billion in the period.

Another institution that carries out projects with ApexBrasil is the Brazilian Association of Meat Exporting Companies (Abiec). The sector has an export promotion project called Brazilian Beef which also takes part in international trade fairs. With an eye on the European market, there was a heavy turnout by companies that formed the project at the giant Anuga fair in Germany which brings together representatives from the entire world meat chain. "It is a place to meet

clients and is excellent for relationship strategy," said Gabriela Tonini, the Abiec technical coordinator and manager of the project with ApexBrasil. Abiec had a stand covering 690 m2 at this year's Anuga, held in October. It had a common institutional area to promote the sector and separate spaces for each of the 13 companies that were present. This contrasts with the past when the companies remained apart. "Having a collective stand allowed us to highlight the coordination and strength of the sector," Gabriela added.



4

PICTURES: HANDOUT

Rights and wrongs

Six lessons from experienced exhibitors at large international trade fairs

Taking part in an international fair requires time and attention to detail. It does not just mean setting up a stand and exhibiting a product. On the other side are the decision makers of potential business partners. It is essential to arrive with an in-depth knowledge of the client needs and the features of the market, after carrying out preparatory work including a business strategy, marketing plan and team training. As well as deciding on the timetable of events in which it intends participating, the first-time exhibitor should adapt promotion products and materials, work that can take months right up to a full year. Medium and long-term planning and a professional view of the event are essential, as seen in some lessons learned by executives from companies which have already traveled this road. Here is a summary of some of them:

Adapting to the local culture

Bauducco — that makes panettone — takes pains to prepare a mix of products, printed materials and video that are suited to the language and culture of each country or region where it is exhibiting its products. The company relies on its international area which was set up eight years ago and includes export managers, traders and international marketing professionals. “We also have a legal area that looks after contracts and a R&D department which advises us in all aspects of every market,” said Edgar Matos, export director. Foreign sales to 50 countries

represent 5% of the group’s revenues. Bauducco goes to the sector’s main fairs worldwide: ISM and Anuga, in Germany; Sial, in France; Foodex, in Japan; Gulfoods, in the United Arab Emirates; and Fancy Food and ISM, in the US. It is also present in Cuba, Peru, Argentina, Chile and Bolivia, countries where it is important to maintain importers and clients of long standing. “We have a consolidated market in Latin America due to the geographical proximity and also because this was where we began taking our brand international,” said Matos.



Clélia: eyes on the conscientious consumer

Following a global trend

The approach is a little different for the organic cosmetic manufacturer Surya Brasil. Its coloring and products lines for body care are created with consumers of natural products in mind. These have a common expectation although they live in different parts of the world: acquiring goods that respect the environment. To do so, the company’s products and packaging are similar for the 25 countries where they are sold, with only the language changing. Surya has featured in organic products events in the US, Germany, Canada and England, with good results. In 2008, it made a sale worth 300,000 Euros to the Casino retail chain at a fair in France. The founder, Clélia Angelon, said it was an important deal as it was difficult to supply the French chain which made a series of demands. It also usually requires the supplier to provide the first lot of merchandise for free to supply a store, a common practice among the large retail chains.

Showing the product

There is a commandment in the world of the fairs: show your product. This creates a logistical challenge for companies like Wolf, from Indaiatuba in São Paulo state, which manufactures rock drilling equipment and was founded in 1974. The machinery is large and heavy and expensive to freight. “When you do not have equipment on show, you need to ensure that marketing has a strong visual appeal but this often does not bring a satisfactory return,” said export analyst Robson Silva. At the latest Bauma construction machinery and metallurgy fair held in Munich, Germany, a line of visitors

formed up to see a bulldozer conversion kit taken there by Wolf. The product was so successful with the European public that the company began the certification application process required by the European Union to sell it in the region. The Bauma fair brought Wolf its biggest result but the company is also taking part in fairs in the US, Argentina, Chile, Peru, France and the Middle East. The focus is not to obtain orders on the spot but to launch products and publicize the brand. Foreign sales accounted for 10% of revenues, a percentage the company wants to expand.

Getting to know the client

Francisca Vieira follows the tips she receives from ApexBrasil through the Brazilian Fashion Industry Export Program — Texbrasil — in terms of the quality of the item and the right price for external markets. For a ready-made collection, she hires a fashion producer to create the product catalogue that will be taken to the events. She also gained a lot of practical knowledge from her experiences. She said that some years earlier she had not known the profile of the foreign client and took around 200 items to the fairs but only sold 30. “I took what I sold in Brazil which was a mistake.” Nowadays she knows that she has to study the target country — preferably personally, as this is not something you can find in Google — in order not to waste time and effort. “In Germany, the consumer likes more basic items and there is no point in taking small sizes - only medium and upwards,” she said. “Spaniards like clothes with props and accessories.”



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Getting the merchandise right

Joaquim Coelho, the Astra Group sales director, believes it is essential to do a lot of research on the consumer market of the country to ensure the right merchandise is exhibited at the event. “Sometimes a company is at a fair for more elaborate products but takes along more simple items. This means that you end up being out of the loop,” he says. However, there are times when the exhibitor needs to meet two types of public at the same time. This is what happened to Astra during The Big 5 housing and construction trade fair held in Dubai in the United Arab Emirates. The event receives visitors from local companies — which have a very high purchasing power market — as well as African companies that serve a low-income consumer. Astra was aware of this and balanced out its offer of products to the two kinds of potential buyers. Preparing the staff that will be on the front line with the public is also essential. Astra uses two experienced employees at the Canton Fair who speak English and Spanish and know other languages.

1 Francisca: not enough sales in Brazil

2 Astra’s Coelho: between Dubai and Africa

3 Lippel stand: technical preparation



3

Identifying niches

Lippel — a metal company from Agrolândia (Santa Catarina state) that specializes in the production of machines for biomass processing — prepares for events in a highly specific and technical way. First of all, it finds out whether the country hosting the fair has biomass available and the kind. Only then can it decide on the right products. “We also analyze the companies with the potential to become future clients,” said the international trade manager, Gustavo Sperandio Fernandes. The company creates promotional materials in foreign languages to ensure the information is clear to visitors. It invests around US \$ 30,000 annually in international fairs in Latin America and Africa and has a team that is experienced in these events.



HANDOUT

Combining forces

Barak Obama's energy secretary believes Brazil and the United States can and should cooperate more to develop renewable sources of energy

NELY CAIXETA AND ARMANDO MENDES

Innovation in biofuels, energy efficiency and climate changes are some of the areas in which Brazil and the United States are investing to increase their cooperation. These are the priorities of physicist Ernest J. Moniz who has been President Barack Obama's energy secretary since May of this year. Moniz, the grandson of Portuguese immigrants, graduated in physics and is a professor at the Massachusetts Institute of Technology. He was in Brazil ahead of the visit President Dilma Rousseff was scheduled to make to Washington but which was later postponed. Moniz met scientists, business representatives and authorities during his trip. We present the edited highlights of an interview he gave PIB at the home of the American consul in São Paulo, with a follow-up question made via e-mail after President Rousseff's visit to the US was put off.

What is happening in terms of biofuel collaboration between Brazil and the US?

The next generation of biofuels is the main focus. This is really only beginning but we hope it will grow dramatically in the coming years. However, we already have lots of work going on between companies in both countries. The second generation work is very strongly bi-national. American companies in California, for example, are set-

ting up their subsidiaries here with Brazilian partners. We also have trade back and forth. We met with Unica (sugar cane trade association) and were told that our free trade in biofuels was an excellent model for other areas. We also have programs in developing next generation so-called "drop-in" biofuels.

What is a "drop-in" biofuel?

The idea of a drop-in biofuel is that changes no longer need to be made to the engine. Even with ethanol, some modifications to the engine are required as there are differences in the fuelling infrastructure. It is basically like gasoline and can

American companies in California are setting up subsidiaries here with Brazilian partners

be used directly so you just "drop in" the fuel. Another very strong collaboration is on a joint research on developing aviation biofuels. A third area we are actively discussing – where Brazil is in the lead – is the idea of working together, as the world's major biofuel producers and users, to take our experience and help poor countries start using their biomass. This could bring

be some business opportunities for Brazilian and American companies but the focus is strongly on generating economic opportunities in these countries.

President Lula and President Bush proposed an initiative some years ago to allow countries in Central America and Africa to grow sugar cane and produce ethanol. Is this the program you are referring to?

It is basically that. It has been rejuvenated in our discussions but the focal area is now in Central America, Caribbean nations and Senegal. By the way, I also met with Brito Cruz the head of Fapesp (the São Paulo Research Foundation) this morning. One of the areas he raised is our joint wish to increase work in terms of basic research in bioenergy. Where we started from is that we have the hydrocarbon focus, a tremendous focus around bioenergy collaboration. The third area which is gaining more attention is energy efficiency and Fapesp also said this was an area where it would like to open up new opportunities. We already have work going on. The Department of Energy has 17 national laboratories, of which the Lawrence Berkley National Laboratory is, in many ways, our lead laboratory for energy efficiency work, in buildings, industries, etc. Researchers are working to help set up a testing center, based on our experience at the University of Santa Catarina in developing standards

for the energy efficiency of buildings and windows, that can do a lot of this work and would provide a good opportunity for collaboration. We are also working to set up a kind of common approach to understanding industrial energy efficiency based once again on the experience that we have. The idea is to generate a data base so that you can tell where the big opportunities are and what the research needs are. In terms of direct energy collaboration, those are three huge areas: hydrocarbons, bioenergy and energy efficiency.

In Brasilia, you also spoke about applying nanotechnology to renewable energy. What does this involve?

That is another area where we have an ongoing Memorandum of Understanding (MoU). It is led on our side by the National Renewable Energy Laboratory (NREL) near Denver, Colorado. It is our lead laboratory for Renewable Technology development and this MoU is on the application of nanoscience and nanotechnology to energy development, especially renewable technologies. Almost by definition, it means the development of new materials which are nanoengineered for specific energy applications. This would include, for example, advanced photovoltaics — solar technology, panels. Today's technology is almost entirely based on silicon and the question is whether there are other technologies that can have a much higher efficiency. Another example of nanoengineering and energy could be on developing materials that can stand much higher temperatures, maybe for turbine blades. If you can do that and operate the system at higher temperatures, you get a more efficient system. Another example would be nanoengineering of membranes

for a fuel cell or to capture carbon dioxide more cheaply. We are still in the early stages of being able to manufacture materials targeted to specific energy technologies.

Who are the Brazilian partners?

One of the focal points for that is still under discussion is the National Center for Energy and Materials (CNPEM) at Campinas. It is very interested in nanotechnology for energy and some other applications. Another place of great potential interest is the ITA (Aeronautics Technology Institute) in São Jose dos Campos. My background is as a professor at the Massachusetts Institute of Technology and it was the MIT that basically established the ITA in the 1950s. The ITA is a very distinguished engineering school. Embraer is very closely con-

A joint experiment in the Amazon in 2014 will assess the risks of climate changes

nected to it and the ITA now wants to go into energy as well. There are lots of possibilities here and we are quite excited about them. Another area which is an excellent chance for collaboration is addressing the risks of climate change. We will have big experiments next year in a collaboration called GOAmazon [Green Ocean Amazon].

Go Amazon?

It will be making both terrestrial and airborne measurements to understand the rainforest dynamics. The Brazilian government has initiated discussions about expanding

this to a broader set of environmental research studies for climate and we are very happy to support this. This is another area where greater collaboration seems to be of mutual interest. We really have a tremendous number of overlapping interests at the science and technology level and are pursuing them jointly.

Has the postponement of President Rousseff's visit to the United States affected the plans for greater collaboration in energy between the US and Brazil in any way?

The US-Brazil relationship is very important to the United States, and the energy cooperation between the two nations, including under the Strategic Energy Dialogue, offers mutual benefits as both countries seek to find sustainable and cost-effective solutions to shared energy and climate challenges. We look forward to building on this relationship and working towards a promising future.

What about the pre-salt reserves in Brazil? Everybody was expecting that Brazil would become a big producer of oil. If shale gas succeeds, will the pre-salt reserves be less important?

I don't think so. If one has natural gas available, as we do in the United States, what happens is that natural gas and oil serve very different markets. Natural gas serves electricity production, with very efficient so-called natural gas combined cycle turbines. Natural gas can serve home heating in the United States and in the south of Brazil and be a major industrial feedstock and source of heat. In very rough terms, you would say one third for electricity, one third for heat, and one third for industry. Oil supports transportation and industry as it is essentially not used in the electricity sector although oil is

still being used a lot for electricity in many countries that don't have natural gas. That is a waste. Oil is not particularly good for electricity compared with other options whereas it is very special for transportation. Obviously biofuels would eventually compete against oil but I don't think they are competitive in that sense. I think it is actually a benefit as they are complementary.

Some people feel that as access to fossil fuel becomes easier, there will be less incentive to develop renewable energy sources. Do you, as an energy expert, believe we should invest more in renewable technologies and less in new ways of using fossil fuels?

You are certainly correct. That is an argument that is used. I'm going to answer that in the context of the United States and you can extrapolate it as you wish to the rest of the world. The reason I say that is because 50% of our electricity in the United States was produced by coal until recently. I prefer to describe natural gas as a bridge to a low carbon future. If you asked me whether natural gas was part of the problem or part of the solution for climate change my answer would be that it is part of the solution today and for some time because it is displacing coal, which is more carbon intensive. But, in the longer term — decades — as we require lower and lower CO2 emissions, natural gas will become part of the problem unless you capture the carbon dioxide from coal and natural gas and put it in the ground. So, that is part of the question. In the meantime, while it is part of the solution, is it squeezing out renewables? I argue that, once again, it is part of the solution because we still have a lot of work to do in terms of researching, developing and demonstration, to

drive down the costs of renewables. I would argue it gives us a little more time. However, we must use the time. If we don't use this time to aggressively pursue the improvement of renewables then we will be in the same position we are today in five or 10 years' time. In terms of the agenda, I would say that we in the United States have three really important things to do in the near term to stay on a carbon lowering trajectory. One, we must emphasize efficiency where there are so many opportunities in the near term. Two, we should continue with the substitution of natural gas for coal unless coal is capturing the carbon dioxide and sequestering it. And three, we have to innovate like hell to get the costs down on renewables so that by the end of this decade they are in a very good position.

We are gaining time but need to innovate to lower the cost of renewable energy

So what's the position now?

We expect to publish a short paper by the Department of Energy soon with this data. If you look at what is happening, you see that the cost of wind power has really come down and, consequently, its deployment is going up dramatically. We have something like 70,000 megawatts of wind power in the United States and it recently became the highest new capacity additions to our electricity center. Two, look at solar power. The Holy Grail for the cost of the solar panel, a module, has been 50 cents per watt. Today you can buy

it for 78 cents a watt so that's closing. LED lighting uses 20-25% of the energy of an incandescent light, like one of those wasteful lights in this room. (I'm going to tell the consul he's got to change these lights!) The problem is that the cost has come down dramatically but it is still expensive. To replace that light bulb today costs about US\$ 20, instead of probably 75 cents for the present bulb. However, the LED will last 25 times longer and it will only use 20%-25% of the energy to make the same amount of light. A light bulb is misnamed. It is really a heat bulb as very little of the energy goes into light. It is mainly going into heat which is why you burn your hand if you try to change it while it is on. If you take the 25,000 hour life cycle of the LED replacement, you will save about US\$ 130 using one bulb over the other. In other words, these costs are coming down. We've got to keep innovating. There are lots and lots of ways in which these technologies are coming about. Going back to your original question, it is great that in the US, at least, I am buying time. I am reducing CO2 emissions with natural gas and also getting these technologies right to the edge of being competitive on the marketplace.

What about educating people to consume less energy?

I trust the outcome of this interview is that you will be educating a whole bunch of people!

People who visit the United States often think Americans waste a lot of energy. Buildings are too cold in summer and too hot in winter...

I would agree with that but if you come to my house you will find it very cold in the winter and very warm in the summer!

The strength of meat

All-you-can-eat steakhouses, run by foreigners, are growing abroad

DARIO PALHARES

Argentina, Australia, New Zealand, Canada and Uruguay, sorry...Brazilian beef may trail some of the largest producers, maybe even all of them, but it rules the roost – alongside the US – when it comes to serving freshly cut (rare or medium rare) meat around the world. With the emergence of the all-you-can-eat system in the 1960s (see box on page 54), gaúcho-style steakhouses, betting on abundance and variety, have multiplied throughout Brazil, crossed borders and seen their DNA replicated on a global scale. The result? Today there aren't just numerous steakhouses spread across five continents, but instead chains controlled by businessmen of different nationalities, some of which easily surpass the largest chains in the original Brazilian homeland – such as Texas de Brazil (US) and Brasa y Leña (Spain), which combined have more than twice the number of steakhouses of the Brazilian giant

Bovinu's, with 13 restaurants in São Paulo and Rio Grande do Sul (only 3 with the all-you-can-eat system), and the ex-Brazilian chain Fogo de Chão, with 9 (see table on page 50).

Most of them (from Dallas to Barcelona, Milan and Shanghai) follow the same pattern used here: large salad buffets, table service with meat skewers, discs that serve

“International steakhouses are an expression of the Brazilian way of life”

as “traffic lights” for customers to direct waiter traffic (green light means “I want more”; red means “not now”) and, sometimes, waiters supposedly dressed as legitimate gaúchos from the Pampas. The crucial difference is in the special rump steaks, flank steaks, beef ribs, etc, which are rarely of Brazilian origin, due to

import barriers in some markets – especially in the US and Europe (see article on page 60). Almost always, national beef producers are only present at foreign steakhouses via subsidiaries, like the JBS-Friboi group, which controls Swift (US) and has operations in Argentina and Australia. But nothing takes the shine of this original invention.

“All-you-can-eat steakhouses abroad are showrooms of a truly Brazilian concept, displaying the Brazilian way of life. Customers don't really care if the meat comes from Brazil, just like anyone going to a McDonald's doesn't care where

the hamburger meat comes from”, says Luiz Fernando Furlan, Brazil's ex-Trade Minister and a Board member at BRF. “What consumers really care about are the emotion added to the service, to the gastronomical experience.”

Furlan speaks from a position of authority. As well as being a gaúcho (i.e. from Rio Grande do Sul), for the last 20 years he has been one of the pioneers of Brazilian meat around the world. At the time Board chairman of Sadia, which would later merge with Perdigão to form BRF, he received an unexpected proposal from China's Agricultural Minister, Liu Jiang, who was visiting Brazil. After showing their Sadia plant in Concórdia (Santa Catarina) to their

visitor, the company's executives invited him for lunch at a local steak-

Chinese minister proposed a partnership in a Beijing steakhouse to Sadia

house. “He was so impressed that he decided to take the idea home with him and proposed a partnership: 50% for us, 50% for the Chinese government. In July 1994, the Beijing Brasil steakhouse opened in the Chinese capital”, recalls Furlan.

When the “joint venture” was created, Brazil still didn't have any

sanitary agreements with China, so the heavyweight partner worked out a solution: it authorized the entry of Brazilian beef into China, exclusively for the restaurant. Another green light, further down the road, authorized the supply of chicken and pork cuts by Sadia. Even without featuring eccentricities in the menu (dog and snake meat), the restaurant, run by Brazilians, had to adapt to Chinese taste buds – some of which would certainly be considered a heresy in Rio Grande do Sul. “We served authentic gaúcho chimarrão, but we noticed that the Chinese mashed the mate with the metal straw and filter before allowing for the infusion process”, recalls Furlan. “So I proposed diluting the quantity of the herb in the gourds. The result: chimarrão became green tea”, says Furlan laughing.

Beijing Brasil's journey came to an end in the mid-2000s, as the building home to the restaurant was demolished in preparation for the 2008 Olympic Games. But its all-you-can-eat system left an indelible mark. Today, estimates point to around 200 steakhouses in China. One of the most successful is Latina, with 7 restaurants in Shanghai and 2 (recently opened) in Wuxi, 125km away. Latina was created by Japanese businessman Jun Taichi (36), son of an electronics technician who, at the end of the 1980s, opened a Japanese restaurant in Rio de Janeiro. Outraged (and impoverished) by the freeze on financial assets caused by the so-called Collor Plan, in March 1990 Jun's



Brasa y Leña: largest European chain has 26 steakhouses

BY LAND AND SEA

Some Brazilian-style steakhouse chains spread across the world



* The Portuguese chain has no corporate ties with the US chain

father told the family to pack their bags and head back to Japan, where he set up...a steakhouse. Jun liked the idea and in 1998, in partnership with his father, ventured into Shanghai where he set up the first restaurant. "Over time, Jun's father moved away from the business and was replaced by Angela Chem, an influential Chinese businesswoman who is now a majority stockholder", says Sergio Madalozzo, partner of Brazilian Gate (an importer of Brazilian products, based in China), which recently acquired 10% of Latina shares.

The first task of the newcomers was to reformulate the restaurants' visual aspect. The first facelift was at the two new restaurants in Wuxi. A Brazilian architect gave a modern, light, sophisticated look to the facade and interior, with no soccer shirts – the deco hallmark (for now) of Shanghai steakhouses. As well as the visual aspect, Brazilian Gate also took care of the drinks, installing a bar with Brazilian beverages (also called Brazilian Gate) at one of the chain's oldest restaurants. "In fact, it is a small showroom of the products we offer at our own bar, opened in 2012. We serve cachaça, caipirinha, Dado Bier and Amazon (from Belém, Pará) beers, Germânica draft beer (from Vinhedo, São Paulo), snacks and Brazilian desserts", says Madalozzo, who is already planning to open bigger ventures. "We will open a second bar before year-end and 2 more next year at our new partners' steakhouses."

The strategy of installing small bars at the steakhouses of Angela and Jun should be a lucrative one for Madalozzo and his partners (his son Thiago and fellow gauchos Antônio João Freire and Tânia Caleffi). Latina is looking to take things to

- 1 "Traffic lights": discs ready at Moderno
- 2 Clean look: new Latina restaurant in Wuxi
- 3 Partners at the table: Taichi (1st right), Angela (3rd) and Tânia (4th) in



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the next level. With expected 2013 revenues of US\$11 millions, it plans to open 11 steakhouses by 2016 in Qingdao, Chengdu, Shenzhen, Chongqing, Nanjing, Shanghai and the capital Beijing, with investments of US\$5 millions in the next 2 years alone. This capital injection is more than justified by the success of the venture, which served 380,000 meals last year and plans to serve 450,000 in 2013 with the help of the two Wuxi steakhouses. "The Chinese actually like the salad and starter buffets more than the meats", says Madalozzo. "The meat

With nine restaurants in China, Latina plans to double its chain by 2016

cuts mainly come from the Australian JBS-Friboi, although our local supplier is increasing orders from Argentina. We only import cupim (hump of the Brahma steer) from Brazil." A leading name in Brazil, Barbacoa (founded in 1990) is also present in Asia. With 7 restaurants in Brazil,

the chain was sought out 20 years ago by the Humax Group, a Japanese conglomerate in gastronomy, cinema, events and games. This led to a partnership that, over time, adopted the franchise as a motto. The first Barbacoa restaurant in the East was opened in Tokyo, in June 1994, a month before Beijing Brasil. "In 2007, we opened 2 more: 1 in Tokyo, in April, and 1 in Osaka, in December. And by December we will have another steakhouse in Tokyo", says operational director

Lucianne do Carmo.

Run by Brazilians, the three steakhouses (two in shopping malls and one on the streets of Tokyo) consumed investments of some US\$2.5mn each and employ, on average, 40 workers. Customer traffic is intense: each month, over 30,000 customers taste Japanese, Australian and US meats at each restaurant. "The cuts are the same offered here", says Lucianne.

After establishing a presence in Japan, Barbacoa embarked on a solo venture in Italy. Three years ago, it opened an all-you-can-eat steak-

Barbacoa has three steakhouses in Japan, one in Italy and wants more

house on Via Della Abadesse, in the center of sophisticated Milan, one of Europe's fashion, gastronomy and design capitals. The restaurant, with around 30 employees, is Barbacoa's only non-Brazilian restaurant serving "made in Brazil" meat, which contests consumers' preference with Australian and Uruguayan

meats. In the short/medium term, the menu should migrate to other European locations. "We're currently analyzing restaurants in Rome and London", reveals Lucianne.

In Spain, Brasa y Leña rules the roost. The chain emerged in 2008, i.e. when the world was plunged in the worst economic crisis since the Great Depression of the 1920-30s. The disaster caused major problems in Spain, which still has an unemployment rate of 27% of its economi-

PICTURES: HANDOUT

cally active population. But that didn't prevent CEO Pedro López Mena from opening 13 steakhouses, 13 franchises and plans to open four more by year-end.

This success, against the tide of the Spanish recession, reflects a well-planned strategy, ensuring a good return for an initial investment of 10 million Euros. When he decides to explore a new region, Pedro López Mena (33, with a degree in industrial engineering) prioritizes shopping malls with movie theaters, wide corridors and ample space, which attract more shoppers, always in the nearby areas of expanding urban centers. "People go to shopping malls to walk around, spend the day and we offer them an excellent quality/quantity/price tradeoff", says the CEO.

Beverages and desserts aside, the amounts charged by Brasa y Leña are much friendlier than in São Paulo, Rio and Brasília. Consumers have two menus: Silver, with up to 10 cuts



Epic: first-ever
cruiser line
steakhouse
chain

(9.95 Euros, from Monday to Friday; 13.90 Euros on weekends and public holidays) and Gold, with up to 20 varieties (12.90 and 15.90 Euros). "I discovered the all-you-can-eat grill in Brazil and saw that the model was poorly explored in Spain. Good restaurants were expensive and the other, cheaper ones didn't offer quality. So I immediately tried to explore this niche", says Pedro.

The successful venture benefited from the support of his family. More precisely, the Distribuciones Carnicas Coello distributor, controlled by the López Mena clan, of which Brasa y Leña became a subsidiary. As well as offering discounts from father to son (quite literally), the distributor, with a 40-year track record in the meat business, guarantees rapid inventory restocking at all steakhouses. "This enabled us to offer first-rate meat cuts at good prices", says Pedro.

The employees (300) are largely Brazilians with experience in the

field. Before starting, they receive training in restaurants. Under the supervision of the managers, they learn the tricks of each area: inventory control, conserving and preparing meats, table service, etc. Smiles and a nice manner are also pluses. "We want our staff to convey cordiality and niceness, rare 'commodities' in many Spanish restaurants today", he notes, after a stint working at a London cafeteria (shortly after graduating) made him appreciate the value of customer service.

After strong growth, the business is now in consolidation phase. And the CEO is even dreaming of crossing Spanish borders and opening other restaurants in Europe. But only after the global economic crisis abates, which doesn't seem imminent. "In one month we opened

THE ORIGINS OF THE RODÍZIO (ALL-YOU-CAN-EAT)

NOW PRESENT at famous restaurants in both hemispheres and even on cruise liners, the all-you-can-eat steakhouse has humble roots. The system was presented first hand in the 1960s to truckers traveling across Southern Brazil. And its roots remain alive and kicking, on the banks of highway RS 239: the Churrascaria Matias steakhouse, in Sapiranga (Rio Grande do Sul), 65km from Porto Alegre, which launched the "running skewer" (or espeto corrido, as it is known in Rio Grande do Sul) 50 years ago, by an initiative of its founder, Edwino Guilherme Mates (Matias).

"He started to develop the method in the 1950s, at get-togethers of the Center of Gaucho Traditions here in Sapiranga. The reason was simple: he didn't want people to eat cold meat", says Adilvo Conte, partner of the restaurant. "Since the proposal was obviously well received, Matias opened the steakhouse in 1963."

Word of mouth ensured it wasn't too long before the novelty reached the ears of those living in neighboring cities, including Porto Alegre. Tourists and truckers thus started eating at the steakhouse tables. Then, steakhouses from other

gaucho cities started incorporating Matias' idea. Cruzeiro and Vitória (Taquara) and Passoquinha (São Leopoldo) were the first to adhere to the espeto corrido, says ex-waiter Pedro Paulo Reinheimer, who spent 9 years at the steakhouse.

"The service, simple and without much variety, always began with sausage and ended with roast chicken", he recalls. "In between, the restaurant offered pork ribs with flour (still adored in the region), pork loin, prime ribs, vazio and rump steak". Reinheimer is sorry Matias didn't live long enough (he passed away in the mid-1970s) to see the

success of his creation.

Another famous name is Jandir Caumo (75), from Nova Bréscia (Rio Grande do Sul). After 8 years heading up a fleet of trucks, he decided to abandon the highways and partner up with his uncle, and fellow gaucho Albino Ongaratto, at the Churrascaria Blumenauense steakhouse on the BR116 highway, 10km from Curitiba. There, in January 1969 he implemented a longstanding idea, the espeto corrido, which he swears is his creation.

"The idea came to me in a restaurant in Caxias do Sul, in front of the workshop where my brother and

I looked after the trucks", he recalls. "The owner always served meat from the menu, on trays and always cold. So I thought to myself: 'Why not bring the cuts directly from the fire?' That's where it all started."

Caumo may not be the 'father' of the espeto corrido, but he was one of the main reasons for its dissemination in Brazil and abroad. He "exported" the concept to another four restaurants (three in Paraná and one in Além Paraíba, in Zona da Mata Mineira). His "educative" project peaked with the emergence, in the 1970s, of the Estrela do Sul chain, with steakhouses in Brazil's 2

largest cities.

"Later, we sold the São Paulo restaurants and focused on Rio, where we have four steakhouses", he recalls. It was there, in Rio, where he has lived for the last 40 years, that he saw his system (developed by him for the Blumenauense restaurant) earn a new name. "The term 'rodízio' arose in Rio, after some Rio steakhouses, such as Porcão, started serving other skewer options – even pineapple if I'm not mistaken. But in the south, the term used is still espeto corrido."



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3 steakhouses in Spain. That's impossible now, but when the economy recovers we will expand and grow our clientele", he says.

Despite momentarily taking its foot off the accelerator pedal, Brasa y Leña (with 26 steakhouses and another 4 on the way) left its Brazilian peers in its wake in only five years. In the global ranking, its only direct rivals at the top of the podium are the US steakhouses Texas de Brazil and Fogo de Chão (which switched "nationality" last year) – these two players mainly explain the growth of the all-you-can-eat concept in a territory dominated by corpulent steakhouse chains (the local equivalent of our barbecue restaurants) such as Outback (1,000 restaurants worldwide) and Ruth's Chris (120 restaurants in 7 countries).

Texas de Brazil emerged in 1998, after the gaucho Evandro Caregnato (24), studying Business Management at the University of Caxias do Sul, met Salah Izzedin, an American who was traveling around Brazil. Evandro already had steakhouse experience, thanks to a family venture, and was taken to the US by

Salah, who was also familiar with the business. "A few months later, we opened our first all-you-can-eat steakhouse in Addison (near to Dallas)", says Evandro, who is now culinary director.

With 29 restaurants, including two in the Caribbean, the company is preparing to open another seven in the US in the next few months.

"Queen" of Spain, Brasa y Leña already dreams of exploring Europe

These numbers could almost double by 2015. The flight plan is to open 20-30 restaurants by 2015, focusing on the North region. "We have already signed several lease contracts. The itinerary includes Chicago, with 2 steakhouses, Manhattan and Albany", says Evandro, who also isn't ruling out other international forays. "We are studying Mexico and the Middle East."

The US all-you-can-eat system

is nothing new. It follows the same model used in Brazil, with one small difference: waiters serve portions of mashed potato, something Americans love. The meats are all native, with one exception...sheep meat from Australia. Caregnato says this is for practical reasons (since US sheep are too big), whilst promptly rejecting the idea of buying meat from Brazil if import embargos are lifted.

This veto is directly related to the uses and customs of beef producers from both nations. US cattle is confined for several months before slaughter and basically fed with cereals rich on oil content, making for a more "glazed" meat. In Brazil, where the extensive method reigns, the diet is much more rudimentary, consisting of grass-feeding. "How you feed the animal is key", says Evandro. "That's how it is in Spain, where pata negra pigs (used to make the world's most revered jamón) only eat acorns. And that's also the system in the US, where cattle eat corn and soy, guaranteeing an

incomparable meat flavor."

This appraisal, much to the chagrin of Brazilian beef companies, is confirmed by Fogo de Chão, a national and international reference. In the opinion of ex-waiter Jandir Dalberto, director of operations in Brazil for the last 8 years, US meat cuts are even superior to Argentine and Uruguayan meats, so adored by tourists at the parrilla restaurants of Buenos Aires and Montevideo. "There's no comparison. The standards and efficiency of our suppliers in the US, Swift and Cargill, are exceptional", he affirms.

The chain, which has 21 restaurants in the US, took its first steps in 1979, when the brothers Arri and Jair Coser acquired a decadent steakhouse in Cavahada (Porto Alegre). Under new management, the company kept its name, prospered and, shortly after, already had 3 steakhouses in Rio Grande do Sul. 2 were sold to finance the move to São Paulo, in 1986, where the business set up shop, opening new restaurants and gaining prestige.

The move into North America was mapped out at the start of the

1990s and was consolidated in 1997, with the arrival in Dallas, a move that demanded investments of US\$1.5 million. There, Fogo de Chão became, in a short time, one of the favorite restaurants of ex-president George H. W. Bush (1989-1993). The public looked to follow the example of their ex-president. "In Dallas, as in most of our restaurants, 99% of

The giant Texas de Brazil is preparing 20-30 openings by 2015

consumers are locals. Only Miami and Orlando receive more foreigners, including Brazilians", says Dalberto.

This strong acceptance triggered a radical change in internal planning: the US became priority number 1 in the company's growth strategy. Between 2000 and 2002, the world's largest consumer market received three new restaurants (in Houston, Atlanta and Chicago). In 2005, with

the purchase of 35% of its shares by GP Investments, founded by Brazilian billionaire Jorge Paulo Lemann, the company had enough clout to open, in the same year, 2 new restaurants on US soil: in Beverly Hills (California) and in Washington. The international chain now outsized the Brazilian chain (weakened by the closing of the last restaurant in Porto Alegre) by 6 to 3, a gap that would never close. Of the 18 steakhouses opened since 2006, Brazil would only get 5.

The process of "Americanization" peaked in May 2012, when GP Investments, which had bought the remaining 65% stake in August 2011, transferred control of Fogo de Chão to the private eq-

1 Pioneer: Barbacoa arrived in Japan in 1994

2 López Mena: chain anchored on the family business

3 Fogo de Chão in the US: only US meats

PICTURES: HANDOUT



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uity fund Thomas H. Lee Partners (based in Boston) for US\$400 millions. And while the fund jumped on to a winning horse, it still achieved impressive numbers in the first year heading up the business: consolidated revenues (Brazil + US) totaled US\$205 millions, up 17.41% on 2011.

Strong growth is standard business at the fund. The targets for this year include growing revenues 15% more than in 2012 and opening four restaurants: two are already open (in San Diego, California; and Rosemont, Illinois) and the other two (in New York and São Paulo) will start operating by December. “Our plan for 2012-17 foresees 4-5 new restaurants a year, with 1-2 in Brazil”, says Dalberto.

Other international markets are also on the agenda. The group is currently analyzing entries into another

two countries. But deals will only be struck after one ambitious step, scheduled for 2-3 years down the line: raising funds via an IPO. “The idea is to go public on the NYSE”, says the executive. “Then we will be truly ready for this venture.”

And, who would have thought, the examples of Fogo de Chão and Texas de Brazil are now crossing the seas and oceans of the world. Five years ago, Norwegian Cruise Line (NCL), one of the giants in the tourist cruiser line business, started ana-

Bought by a fund in the US, Fogo de Chão plans to go public

lyzing all-you-can-eat steakhouses in some Brazilian capitals, New York, Chicago and also Miami (home to its HQ). The aim: to assess the pros and cons of installing gaucho-style steakhouses on its ships. But after approving the proposal, there was one meaty obstacle: for security reasons, grill flames were strictly prohibited.

The solution was presented by the Italian company Elan grill: an electrical system that reaches high temperatures, much higher than a conventional grill. And the rest is the same: the cuts are roasted on skewers, just like in the best steakhouses. “Although it doesn’t use coal, this process leaves the meat with an identical taste to the barbecue meat

we are accustomed to”, swears Estela Farina, director of Firststar, a representative of NCL in Brazil.

In an episode worthy of the Guinness Book, the device gave rise to Moderno, the world’s first chain of floating steakhouses. Its baptism of fire, or rather, electricity, was stunning: it took place on the Norwegian cruise liner Epic, NCL’s jewel in the crown, unveiled in June 2010. With capacity for 4,100 passengers, the 19-decker ship was voted the world’s best cruise liner in 2011 by US magazine Travel Weekly. “The skewered meats were the main gastronomic novelty of Epic. And they were a massive hit”, says Estela.

Approved with flying colors, the project earned its spot on the fleet. Launched in May 2013, the Norwegian Breakaway cruise liner already left the shipyard with a space

reserved for Moderno, an example that will be followed by fellow ship Norwegian Gateway, set to be unveiled in January 2014. And ships already in operation have undergone “implant surgery”. So far, of the 12 ships operating, only two still aren’t equipped with the Moderno system.

The initiative of NCL should further stoke the fire of inland steakhouses (Brazilian or not) since it paves the way to conquer legions of new fans of the roasted pampas meat. NCL liners, that don’t sail the

Electrical system replaces grill in steakhouses of Norwegian’s ships

South Atlantic, attract 1.5mn passengers a year, mainly Americans, Canadians and Europeans. And, given the strong acceptance of maritime steakhouses, it is fair to say that the success of gaucho-style steakhouses abroad is only just starting. “The new ships of NCL (Epic and Breakaway) offer 28 options of restaurants and the others offer 16. In some, you have to make a reservation, as with the Moderno, whose restaurants are always full”, signals the director of Tristar.

1 Texas de Brazil: 29 restaurants in the Americas
2 Moderno: NCL’s latest gastronomic bet

PICTURES: HANDOUT

Booming exports

Brazilian beef continues capturing global markets and should post record revenues this year

As with the gaucho-style steakhouses, Brazilian beef has been conquering the world, though it still faces barriers in key markets — mainly the US and the European Union. Absent or with restricted access to the world’s two largest consumer markets, Brazilian beef has been successfully exploring other parts of the globe. Domestic beef production more than tripled its exports in 2003-12, when it beat the 2008 revenue record, in the period prior to the global financial crisis (see table). Responsible for 17% of global trade, Brazil only trails India, which has put its Hindu traditions to one side and is slaughtering more and more oxen and cows (animals previously considered sacred) and buffalos (another member of the bovine family).

But this competition isn’t a problem, as India doesn’t operate in the same markets. In fact, Brazilian producers are preparing to celebrate a new record, despite facing

sanctions in 12 markets (including China, Japan, South Korea, Taiwan, Saudi Arabia, South Africa and Belorussia) due to the discovery of the agent causing mad cow disease in an animal in Paraná in December 2012. “We are very optimistic. This year’s exports should exceed US\$6 billion”, says Antônio Jorge Camardelli, head of the Brazilian Meat Export Association (ABIEC).

The beyond-borders foray of slaughtering houses and meatpackers gained scale at the start of the century. Armed with skewers, ABIEC and Apex-Brasil partnered up to promote steakhouses around the world in order to introduce Brazilian meat to potential buyers. Since 2001, they have held 5-6 banquets a

Sector tripled external presence: from 62 countries in 2002 to 190

year on four continents, always organized by Barbacoa, which has four restaurants abroad. “Thanks to that effort, we have tripled our external presence. In 2002 we exported to 62 countries, now we are exporting to 190”, highlights the executive.

And the eating festivities continue. At the start of October, visitors from Anuga, the world’s largest food fair, tasted rump streak, flank steak and cupim, among other cuts, at the Koelmesse expo center in Cologne (Germany). At the end of the month, the delegation headed to Las Vegas to win over the stomachs, hearts and minds of Americans, who are currently studying the removal of embargos on Brazilian fresh beef exports.

Access to the US (number 1 global meat importer alongside Russia, with some 1mn tons per year) will



HANDOUT/ABIEC

Strong demand: sales should exceed US\$1.6bn

biggest, most populated continent. The main target is, of course, China, where Brazilian beef has suffered restrictions since the outbreak of mad cow’s disease in 2012. “It is the market with the most potential for the years ahead”, he notes.

In exploring the Eldorado of the East, national producers plan to add value to their exports, mainly focused (75%) on fresh meat. The decision reflects research by a marketing consultancy firm that detected good acceptance, in China and other countries, for gourmet cuts. Two trump cards of ABIEC are cupim, adored by the Chinese and, of course, rump steak (picanha), Brazil’s prime cut. “10 years ago, rump steak had an incipient market in Portugal. Now it’s gone worldwide”, says the head.

depend on a public consultation by the government, via its Agricultural Department, to interested parties (local producers and buyers). Of note, the efforts of the Brazilian government will be assessed by the World Animal Health Organization to declare Brazil free of hoof-and-mouth disease.

“The US work with import quotas, but taxing excess volumes isn’t an obstacle”, says Camardelli. “If everything works out, our exports will rise 10-20k tons a year. And a green light from the US will open the doors to Mexico, Canada, Central America and the Caribbean (which all follow US controls).”

The Brazilian meat sector is also looking to Asia, since the European Union (still besieged with serious problems caused by the international crisis) has been obstructing Brazilian meat imports since the end of the 2000s. Together with Apex, ABIEC is already prospecting Cam-

bodia, Burma and Thailand, and other countries from the world’s

THE CRISIS IS OVER
Brazilian beef exports*

	REVENUE (US\$BN)	VOLUME (TONS)	AVERAGE PRICE (US\$/TON)
2003	1,598	855.428,6	1.868,64
2004	2,535	1.184.295,4	2.141,04
2005	3,074	1.358.678,5	2.262,73
2006	3,857	1.504.496,8	2.564,19
2007	4,459	1.618.667,5	2.754,93
2008	5,402	1.384.273,9	3.902,87
2009	4,144	1.243.744,3	3.332,45
2010	4,814	1.230.106,2	3.913,89
2011	5,377	1.097.413,7	4.900,00
2012	5,842	1.255.528,5	4.653,70
2013**	4,790	1.084.606,0	4.416,00

* Data include fresh, processed and salted meat, as well as offal and giblets
** Jan-Sep
Source: Brazilian Association of Meat Export Industries (ABIEC)

The real opening of ports

Small and mid-sized companies interested in foreign trade have an ally in commercial importers and exporters

ROBERTO TICOULAT*



The aim of this article is not to criticize the various policies adopted by our government but instead to try and encourage the future presidential and state governorship candidates to implement new economic policies, particularly for foreign trade. This would allow Brazil to start growing again and confront the challenges knocking at the economy's door. Anyone who works in foreign trade knows that Brazil has never had a policy for the area focused on increasing the country's share of the vast global market. We have always adopted policies to cover balance of payment deficits, a predictable nuisance resulting from few or inefficient efforts at creating products Made in Brazil.

Forecasts show that if Brazil were to increase its share of world trade from its current measly 1.2% to a still mediocre 2%, our economy could grow by around 10% — a real jump in quantity and, above all, quality. When Brazil's agricultural sector recently responded to the challenges of providing food as a result of the arrival of more con-

sumers, we created large amounts of foreign reserves.

However, the government was incapable of handling these reserves properly mainly because of the backdrop of high domestic interest rates. It responded too late by ap-

Brazil has never had policies to expand its presence in foreign trade

plying taxes on financial operations as a means of arbitrating the differences between domestic interest rates and those in other countries. By doing so, it gave foreign speculators an extraordinary opportunity, artificially strengthening the Real and damaging the country's growth. This appreciation had an enormous impact on controlling inflation but ended up condemning the whole industrial chain to low growth.

Much still remains to be done on various fronts to reverse the lack of incentives to those who want to enter the global market.

However, we have made considerable advances in extending access to international trade to a segment that is, shall we say, the weakest in this chain. I am referring to micro, small and medium-sized enterprises which can find that their export efforts and presence on the world market have been simply barred by the heavy hand of bureaucracy. The biggest allies the micro, small and medium-sized companies have in entering the world market

are the commercial importers and exporters which can help them deal with the legal complexity and win customers overseas.

This entrepreneurial force currently has around 15,000 commercial firms ready to attend different sectors and products and deserves to be better understood and supported by all business players. At the end of the day, it is they who have won over more and more buyers of Brazilian products in previously uncharted markets on all continents, such as Asia and the Middle East. The fact is that the large trading

houses are more suited to markets with the capacity to handle large volumes of exports and imports. Good examples are exports of farm and mineral commodities along with imports of general industrial input and input for fertilizers in the case of agriculture.

The commercial exporters operate in the opposite way from the trading houses, such as the exporting houses of the small and mid-sized producing companies on the domestic market. These companies have no experience of international markets, nor do they have the willingness or resources to set up expensive export departments and train staff. Commercial companies' operations are driven by facilitating and simplifying export mechanisms. For example, they map and know large importers in different markets and understand what goods will be the winners abroad. This is all done without burdening the companies with heavy internal costs.

Imagine the fixed costs companies face in creating departments to serve the international market. We have reinforced this point at events and meetings with export-

ers. I would stick my neck out and claim that these costs would often be more expensive in many cases than the amount raised in dollars or other convertible currencies — with a heavy burden of regulatory documents and authorizations on top of that. Commercial companies formed

Commercial exporters know the rules of the international markets

the Brazilian Council of Commercial Importing and Exporting Companies (CECIEx) in June 2012. This organization employs specialists in various markets and sectors who know in detail how to formalize contracts correctly and the golden rules for getting along on particular markets, such as those with a religious

aspect, to give one example.

At the same time, the efforts to take part in this commercial game of chess will be a new and stimulating learning process for domestic companies, particularly when faced with international competition at home. Companies will have to go international and the best way to ensure good results is to form partnerships with commercial exporters and importers. They will finally gain the knowledge that is so important for the modernization of our companies. One example of these new competitive challenges is the arrival on the Brazilian market of coffee capsules. Even those Brazilian companies that do not compete on the international market need to be prepared for the appearance of this kind of consumption which is now present on every corner, in homes and offices. They must have the conditions to confront these new technologies which have arisen in other parts of the world and even defend their domestic market.

CECIEx not only organizes business meetings with companies that want to become part of the international market but also carries out international missions and helps familiarize mid-sized and small companies with the demands of increasingly globalized markets. Its greatest mission is to represent the demands and points of view of the producers and promote initiatives that eliminate the obstacles to Brazilian companies going international.

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Leading the way abroad

Temasa bet on raw materials that were underestimated by its rivals and now exports 100% of its production

ANTONIO CARLOS SANTOMAURO

Exporting is what really matters for Temasa. The company, which makes self-assembly wooden furniture and is based in Caçador in Santa Catarina state, exports 100% of its production to the world's biggest economies: the United States, China, Japan, Germany, France, the UK, Spain etc. Despite the crisis that is still affecting the US, and Europe in particular,

These include names like Walmart, Ikea, Liedl, Lagerine, Homebase, Argos and Morrison. "We are always alert to the trends and have a projects area that works with clients in a highly integrated way," said the founding director Leonir Tesser.

The figures, percentages and the portfolio of buyers are impressive. This is particularly notable as the company began its operations on a day that was not remotely promising

- March 15, 1990. On that date, the then Brazilian president, Fernando Collor, announced that the government was confiscating people's financial assets as part of his plan to tackle the country's economic

Company produces furniture to order for giants like Walmart and Ikea

business is doing very well, thank you. Revenues jumped by 37.7% in 2012 to US\$ 19 million and should expand by 16% this year.

Orders include dressers, trunks, racks and shelves, amongst other items, which reach the end consumer through some of the main international furniture retailers.

problems.

"We only had one employee at first and I even helped him with specific carpentry jobs. I worked full time. We had no money but, as we were well known in the region, the sawmills supplied us with the raw materials. They let us pay later and did not even require any writ-

ten guarantees," recalled Lire Tesser who became a co-founder of the company when she had only been married to Leonir for five months. "He helped out in the evenings and weekends until 1991 when he gave up his job to dedicate himself to our enterprise."

The initial difficulties played a decisive part in Temasa's choice to opt for the foreign market. Its small production plant, that originally produced doors and window frames,

had little access to a native timber called imbuia which was widely used by its competitors in the mid-western area of the state. The raw material was subject to environmental restrictions and suppliers almost always reserved it for large clients.

The solution was to turn to pine, obtained from reforestation projects. Pine was disparaged by the company's rivals due to its low density but it ended up opening the world's doors for Temasa. "The for-

eign market was more prepared to accept pine," said Leonir who later noticed, to his relief and satisfaction, that they had made the right decision simply because they had had no other choice. "When we started to sell abroad in the mid-90s, the use of native wood was banned in Brazil."

The "baptism" into exports occurred in 1993 as a result of a Mexican distributor that was looking for building material suppliers in the Caçador region. Shortly afterwards,

the company took a new direction and started to concentrate entirely on furniture production. The entry into this segment was forced on Temasa, just like the switch from imbuia to pine, and once again Leonir managed to turn water into wine. "Doors and windows required longer planks which were always the most in demand and were not as easily available to a company that had little bargaining power at that time," he said. "I saw the opportu-

Leonir and Lire opened the business on the eve of the Collor Plan that confiscated people's savings



Small but outstanding

YOU DON'T NEED TO BE BIG TO GO INTERNATIONAL

nity to use the salvaged wood – i.e. smaller parts – and began working only with furniture.”

The furniture crossed the Atlantic for the first time in 1995. The first order came from Société Motoise du Bois, a French distributor with which Temasa still works to this day. Shortly afterwards, orders came from large retail chains and led the couple to opt exclusively for exports

also to a relationship channel that has brought them many clients, including the first French buyer: international trade fairs in the furniture sector. “In September, for example, we were present with a stand at the Furniture China event in Shanghai which drew more than 85,000 visitors. Prior to this, we also took part in similar events in England, Spain, France, Germany and

duction, passing through the collecting, sawmilling and drying of the raw materials,” Leonir said.

It has also gained valuable points by obtaining environmental certifications that are prized by European buyers. The highlights are the two seals from the Forest Stewardship Council (FSC): Forestry Management (FM), which has the greatest prestige in the area, and the Chain

In August, the company received the Outstanding Foreign Trade Award from the Brazil Foreign Trade Association (AEB) and the Ministry of Development, Industry and Foreign Trade (MDIC). The Tesser couple's business is bucking the trend of Brazil's furniture industry and heading in the opposite direction – even though it has never taken part in government

Things could become easier for the segment, including Temasa, as a result of the recent appreciation of the dollar against the Brazilian Real. On the other hand, although the stronger dollar favors exports, it hits imports of input and equipment used in the sector. “We import machines, hardware, glues, paint and MDF boards,” said Lire. “The fact is that the currency variations make

Economic and Social Development Bank (BNDES). The company is continuing to expand strongly and steadily without any mishaps. The transition from micro to small company status (annual revenues of R\$ 2.4 million, according to the BNDES criteria) took eight years and it progressed to medium-sized status (R\$

1 Guarantee: furniture produced from "domestic" pine

2 Foreign presence: stand at the Furniture China trade fair

2 Up-to-date machinery: company obtained loans from the BNDES

4 Lire in an Ikea store: certifications paid off



1 2



3 4



that very year. Temasa's products have been sold abroad bearing the buyers' brand since then. The company is not interested in creating its own brands. “Don't interfere with a winning team,” Leonir said.

Leonir and his wife not only pay attention to their sales representatives in the United States, Germany, France and even Brazil (responsible for the South American market) but

Indonesia, amongst other countries.”

One of the company's greatest advantages in the competitive market to supply the large foreign retailers is that it has its own forests. Its production line is supplied by two subsidiaries, Temasa Florestal and Copas Verdes, which have 3,500 hectares of pine plantations. “We are 100% verticalized: from planting the wood to the furniture pro-

of Custody seal (CoC). The list also includes diplomas from the Business Social Compliance Initiative (BSCI), specifically for the European Union, and some clients, such as IWAY (Ikea), Smeta (Homebase and Argos) and Morrison from the eponymous chain. “Sustainability is essential to operate in the international furniture market nowadays,” Lire stressed.

PICTURES: HANDOUT

programs to boost exports, such as those of the Brazilian Trade and Investment Promotion Agency (Apex-Brasil). While its exports have been growing at double-digit rates, the sector registered a fall of 1.1% in foreign sales in the first quarter of this year which came to US\$ 331.7 million. “The main challenges are to provide quality and price,” Leonir added.

long-term planning very difficult.” However, a company that was still in the cradle at the time of the Collor Plan and has survived the exchange rate volatility does not lose any sleep over issues like this. It now has around 450 employees and an up-to-date production plant – modernized with resources from the Investment Revitalization credit line from Brazil's National

16 million) in 2004.

Leonir claims he has no deadline for the next step to raise the family-owned concern to large company status (over R\$ 90 million in revenues). This is not his priority. “We will keep working and let things develop naturally, never forgetting that it is more important to maintain a solid company than just keep growing.”



1

Innovation flutters its wings

Insects have been around for about 450 million years so they do not exactly spring to mind as a source of innovation. However, believe it or not, this exotic, ancient “raw material” was responsible for the Brazilian company BUG’s success in winning one of the Technology Prizes awarded by the World Economic Forum (WEF) in September. The prize was given to 36 companies regarded as the most innovative in the world. BUG is based in Piracicaba (São Paulo state) and develops “biological agents” – mainly wasps and moths – that are parasites on pests that destroy plants, such as sugar cane, soybeans, corn, cotton, beans and tomatoes. As a result, they play a role in pest control that is usually carried out by chemical products. Their creators’ work is growing, being seen and gaining plaudits. Not only was BUG the first Latin American company to appear on the WEF list – a feat only achieved previously by American companies like Google and Twitter – but it was also featured by the American magazine Fast Company last year as one of the world’s 50 most creative companies. Furthermore, it received the World Technology Award, sponsored by media giants like CNN, Time, Fortune and Science, in 2012.

BUG was founded in 2001, has 60 staff and exports insect eggs to Canada, Switzerland, Belgium, Spain, Portugal, Italy and Germany, amongst other countries. “The WEF prize not only represents a valuable recognition of the importance of biological control for the global agricultural sector but consolidates our work in Brazil and opens more doors abroad,” said CEO Diogo Carvalho.



More guarantees for small companies

Small and medium-sized enterprises will shortly be able to obtain a helping hand from the Attorney General’s Office of the National Treasury. It is analyzing the details of a project that would allow the federal government to issue certificates insuring export loans for periods of less than two years. The government already guarantees loans for the post shipment of exports of any size but only for periods of more than two years. Smaller companies have to take out expensive bank guarantees for shorter periods. The post-shipment certificates – guarantees against default by importers – should be ready this year, according to Rodrigo Cota, the under-secretary for the National Treasury’s Export Credit and Guaranties. Certificates for pre-shipment insurance – linked to working capital loans for exports – will be launched in the first quarter of 2014.

PICTURES: HANDOUT

Could do Better

Brazil is a land of contrasts according to the French sociologist Roger Bastide (1898-1974). This also applies to business, as shown in the latest edition of the G20 Entrepreneurship Barometer, developed by the EY consultancy, formerly Ernst & Young. Brazil appears in 17th place among the world’s 20 largest economies in terms of Taxation and Regulation, ahead only of Italy, India and Argentina. However, this “black mark” is offset by good rankings in other areas (see following table). Brazil comes ninth in the ranking of Access to Funding for domestic companies, thanks to initiatives by the Brazilian Innovation Agency (known locally as Finep) and the

National Economic and Social Development Bank (BNDES). The outstanding Brazilian performance is in the Coordinated Support area, which highlights not only government backing for entrepreneurs but also support from universities, research centers and incubators. Brazil registered 5.87 points (on a scale from zero to 10) and was only outrun by two other emerging countries, Russia and Mexico. The assessment was directly linked to an official program called Inovar (“Innovate”) by Finep which was hailed by EY. “Inovar has been fundamental in the growth of a risk capital ecosystem in Brazil since it was launched,” it said.

GLOBAL BULLETIN

Assessment of the conditions provided by G20 governments to entrepreneurs

COORDINATED SUPPORT		ACCESS TO FUNDING		EDUCATION AND TRAINING		ENTREPRENEURIAL CULTURE		TAXATION AND REGULATION	
1 Russia	6.23	1 US	7.12	1 France	6.58	1 US	7.67	1 Saudi Arabia	6.4
2 Mexico	5.89	2 UK	6.86	2 Australia	6.53	2 South Korea	7.53	2 Canada	6.34
3 Brazil	5.87	3 China	6.75	3 US	6.50	3 Canada	7.45	3 South Korea	6.34
4 Indonesia	5.84	4 Canada	6.62	4 South Korea	6.40	4 Japan	7.28	4 UK	6.19
5 India	5.76	5 Australia	6.48	5 UE	6.25	5 Australia	7.18	5 South Africa	6.10
6 China	5.75	6 South Africa	5.95	6 UK	5.98	6 UK	7.00	6 Japan	6.07
7 Turkey	5.66	7 Japan	5.81	7 Germany	5.89	7 Germany	6.88	7 Germany	5.84
8 South Africa	5.65	8 South Korea	5.75	8 Argentina	5.75	8 UE	6.07	8 Australia	5.75
9 Argentina	5.64	9 Brazil	5.67	9 Canada	5.65	9 France	5.68	9 Russia	5.65
10 Germany	5.53	10 Indonesia	5.53	10 Brazil	5.48	12 Brazil	4.88	17 Brazil	4.83

Source: The EY G20 Entrepreneurship Barometer 2013

Outpost set up in Silicon Valley

Apex-Brasil has chosen California’s Silicon Valley, the Mecca for digital technology development, as the site of a support base it is setting up for budding Brazilian IT companies that are interested in going international. Companies that are part of the government’s Start-Up Brasil program can use the office which is located in San Francisco in the same co-working area as RocketSpace, a business accelerator that helped launch the Spotify music service. The outpost can host up to 10 people (two per company) who can take advantage of the infrastructure for periods ranging from one week to three months. At least 20 small companies are set to benefit from the opportunity this year.



2



Mission in India:
Plant analyzed
synergy between
people and forests

Green Offensive

Brazilian companies, which lead the Latin American environmental products and services sector, are already heading for other markets

ANTONIO CARLOS SANTOMAURO

Brazil hosts a colossal collection of natural resources and is a leading player in any discussion related to sustainability on the planet. However, this status does not extend to its position on the

market for environmental products and services which has an annual turnover of around US\$ 1 trillion, according to a survey by the Brazilian Industrial Development Association (ABDI). Companies in this sector operate in areas including

basic services like sanitation and sewage and more modern segments, such as the production of water filters and catalytic convertors, the monitoring and management of the environment, ecotourism and biotechnology, amongst others. Brazil

only has 2% of the global turnover of the sector and still imports more than it exports. However, it has been making efforts to change this situation. “The markets in developing countries, like Brazil, are growing at faster rates. Business expanded by 420% between 1993 and 2010 compared with 150% for developed countries,” said Cássio Rabello, projects specialist at the ABDI.

The diagnosis also applies to Latin America where Brazilian companies are the undisputed leaders and account for around 50% of environmentally-linked products and services. The list of candidates with earnings foreign currency is set to continue to grow. Servmar

Engenharia Ambiental, which was founded 27 years ago in São Paulo, has just received its baptism abroad. It is concluding a decontamination job in Uruguay to clean up former gas station sites. The work required an analysis of seven land plots which revealed environmental damage in three of the sites.

“We are completing the decontamination process in two areas and are ready to finalize the third,” said projects manager, Aline Bernice, who added proudly that the project also included the voluntary transfer of know how: “We gave a presentation to the Uruguayan environmental regulatory body last year on the procedures for the environmental management of the contaminated areas and the surface and underground water resources used in

Servmar, from São Paulo, transferred technology to Uruguay’s government

Brazil.”

Rede Resíduo, which is also based in São Paulo, is a young company but has already acquired more international experience than the veteran outfit Servmar. It made its first cross border operation in a project for the Camargo Corrêa construction group in Argentina in 2012 and is now embarking on a new challenge in Central America. In September, it took charge of the remote management of waste in five large projects being carried out by Construtora Norberto Odebrecht in Panama. The package includes worksites on roads, metro and sanitation systems.

The company arose in 2007 from

an incubator project at the Center of Innovation, Entrepreneurship and Technology (Cietec) which includes partners like the University of São Paulo (USP), the local branch of the agency to help small and mid-sized enterprises (Sebrae), the Institute of Energy and Nuclear Research (IPEN) and the Institute of Technological Research (IPT). Rede Resíduo only began walking on its own feet two years ago. It specializes in networks that connect generators, recyclers and transporters of harmful material for reuse via the Internet. The solution is being used in other sectors besides construction, such as supermarket chains and the pharmaceutical industry. “We

are pioneers in carrying out this kind of service in Panama,” said electronic engineer Isac Moises Wajc, a partner/owner in the company.

Brazilian expertise in environmental products and services is

starting to make itself felt not just in Latin America, where it is in a dominant position, but much further afield. This is the case with China where Plant Inteligência Ambiental is currently negotiating deals to add sustainability concepts to local construction companies. The initiative is being developed in partnership with the International Green Economy Association (IGEA) which is based in Beijing.

Plant Inteligência Ambiental is located in Piracicaba (São Paulo state) and has already accumulated valuable experience abroad. In 2010, it drew up reports on climate change in countries in the Congo Basin at the request of the United

Nations Educational, Scientific and Cultural Organization (Unesco). Two years earlier it had assessed forest areas in India and their synergy with neighboring communities for a program sponsored by the European Aeronautic Defence and Space Company (EADS), the controller of Airbus, the largest manufacturer of commercial aircraft in the world. Its curriculum also includes the Forest Waters project which focuses on the protection of water sources in the Atlantic rainforest. This project was undertaken for the Brazilian subsidiary of Coca-Cola. It is a conservation plan that was developed in the second half of the last decade and was so successful that it was chosen by the head office as the company's contribution to the Clinton Global Initiative, an NGO founded by the former American president Bill Clinton.

Plant's founding director, agronomist Warwick Manfrinato, believes Brazil has plenty of conditions to export environmental know-how and technologies. He believes



this is because it has reliable higher education courses and research activities available in this area. "We have universities that are in great demand by foreign students – particularly from Latin America – and institutions like the INPE (National Institute of Space Research) and the INPA (National Institute of Amazon Research) which operate to a great extent through international partnerships," he said.

It also receives the backing of the National Industrial Apprenticeship

Service (Senai) which is also making its presence felt on the competitive international environmental services market. Its unit from Bahia state is currently working on the structuring of an Environmental Technologies Center in Lima which will be run by its Peruvian counterpart. The initiative received funding of US\$ 2.5 million from the German Cooperation Agency, GIZ, and came off the drawing board in 2010. "We have recognized experience in environmentally-related subjected

within the Senai but Brazil's strict environmental laws are also obviously valuable points which led us to receive the invitation from the Peruvian authorities," said Luis Breda Mascarenhas, manager of the institution's Strategic Core.

Moreover, these rules will become even more rigorous from next year when the Solid Wastes Act (12.305/10) comes into force. It bans open cast garbage disposal and sets standards for the disposal of product packaging, amongst other requirements. Not only will this boost environmental business but will ensure that Brazil and its specialized companies will gain greater prestige, according to Julio Tocalino Neto, chairman of the International Industrial and Sustainability Environmental Fair (Fimai).

"Thanks to its progressive legislation and well developed research and inspection and regulatory structure, Brazil is now ready to make a contribution to the growth of the use of the fundamentals of environmental sustainability,"

claimed Sérgio Leão, sustainability director at Construtora Norberto Odebrecht. "It also has a very strong range of service providers which can attend any needs."

Brazil's environmentalists' exceptional work also wins points abroad for their creativity. One outstanding example is Brazil Ozônio which created an appliance a decade

US military eyes Brazil Ozônio generators

ago that could create the gas that gave it its name. Ozone is a powerful antimicrobial agent – as confirmed by the American Food and Drug Administration (FDA), amongst others – that has a large number of "green" uses, such as the decontamination of waters, the treatment of industrial waste and sanitizing food and packaging. However, it is not by

1 Águas da Floresta: Coca-Cola Project handed over to Bill Clinton **2** From garbage to luxury Item: laminated products by Lamiocco based on PET

chance that the US government is looking at the Brazilian invention. "We presented the technology to the US Defense Department in September. The American military are thinking of using our generators to treat drinking water and sterilize surgical equipment in places where it has troops," said Samy Menasce, the company CEO.

Like Rede Resíduo, Brazil Ozônio emerged from the Cietec incubator. Once the umbilical cord was broken, the company started to find clients in the food, tobacco and mining sectors. It also started a sponsorship with the National Economic and Social Development Bank (BNDES) in an ambitious project to decontaminate the mud left over from a former uranium mine in Poços de Caldas (Minas Gerais state). Its machines are also used in Peru to treat waste and sanitize food in production lines. "We are in advanced negotiations with three fertilizer companies in Australia," the CEO added.

Menasce is 100% committed to the green cause. He held the rights to use the Greenpeace brand in Brazil for a number of years and used it to develop a number of products, such as organic foods, biodegradable cards and notebooks made with recycled paper. The generators produced by his Brazil Ozônio have attained the highest level of efficiency in his cause. "Above all else, our technology is completely ecological. It uses oxygen as a raw material, captures it from the atmosphere and transforms it into ozone. Its waste is the ozone itself which is quickly transformed into oxygen," he explained.

PET ALL OVER THE HOUSE

SHOES, TEE shirts and clothes made from recycled PET are already a feature of many Brazilian wardrobes. However, few people know that the fiber extracted from discarded soft drinks bottles has been used in the fittings that contain their daily wear. The plastic is versatile and is also used in the production of "green" coating for the furniture sector which is Lamiocco's driving force. The company is based in Montauri (Rio Grande do Sul state), 215 kilometers from Porto Alegre, and has installed capacity of one million square meters of laminated

products a month.

The company has been operating for five years and makes regular exports to Argentina. It has just nominated a representative for Mexico and occasionally negotiates with clients in other Latin American countries, such as Colombia. Its international sales to date – still less than 1% of total revenues – stem mainly from contacts established at furniture sector trade fairs held in Brazil. However, Lamiocco has begun to pay greater attention beyond its own borders. For example, it recently joined the Orchestra Bra-

sil program run by the Brazilian Trade and Investment promotion Agency, Apex-Brasil.

CEO Alexandre Figueiró is optimistic and believes this intensive prospecting for business abroad will be facilitated by the growing appeal of sustainable products on the international front. "There is particularly strong interest in the United States and Europe where there are more restrictions on the use of PVC, a plastic that is still used a lot in covering furniture," he noted.

PICTURES: HANDOUT



DESTINATIONS

Mendoza, direct

IF YOU want to fly from Brazil to Mendoza, the capital of Argentina's wine region, you need to catch a connecting flight in Buenos Aires or Santiago. (Mendoza is 1,200 km from the Argentinean capital and 350 km from the Chilean capital.) However, an initiative by the local government has led to the creation of direct flights between Mendoza and São Paulo, a move that should further boost the growing flow of Brazilian visitors. Many of those who work in tourism and business-related activities speak excellent Portuguese or "portunhol" - a mixture of Portuguese and Spanish often used when Brazilians and other Latin Americans communicate - and the city has irresistible attractions. The best hotel, the 5 star Park Hyatt, located in the central Plaza Independencia, has rooms at daily rates of US\$ 125. One of the best trips is to the large vineyards like Catena Zapata. Some of them, such as the Zuccardi, have top class restaurants (lunch only) and provide courses on cooking, coordinating wines and olive oil tastings.

THE LARGE Winery store next to the Park Hyatt is located in a refined former mansion, with the rooms organized by the different strains of grape. There is also a kind of tabernacle presenting the best of Argentina's fantastic wine production.

1 How can you go to Mendoza and not visit the Winery?

2 How can you go to Mendoza and not stay at the Hyatt?

3 Marseilles: France isn't just Paris.



WORD OF MOUTH

True or false?

A **SCIENTIFIC** study by Cornell University in the US is helping to identify genuine and fake reviews on sites like Trip Advisor. The researchers use algorithms to identify certain patterns in the reviews. Two tips: opinions ordered by hotels or restaurants which pay writers US\$ 5 to US\$ 10 for their "opinion" were usually written in less than a minute. As these fake reviews are written to a deadline, they are grouped over a short period of time so make sure to check the dates! The New York Times published a long article on this subject which is available at: http://www.nytimes.com/2011/08/20/technology/finding-fake-reviews-online.html?_r=0

CITIES

New lease of life

MARSEILLES, FRANCE'S second city and business center after Paris and the surrounding region, had a longstanding reputation for sleaze, involving corruption, crime, illegal immigration etc. However, the city has taken on a new lease of

PICTURES: HANDOUT

life as it has become the European Capital of Culture in 2013. France's most important port has also undergone a rebirth, thanks to spectacular works and excellent architecture. These include the Museum of European and Mediterranean Civilizations and the Villa Méditerranée, dedicated to the cultural and economic interchange among countries in the Mediterranean basin. The skyscraper, designed by Zara Hadid for CMA-CGM, one of the largest logistics groups in the world, is another highlight. Marseilles is the headquarters for companies like Pernod and Sodexo, among other French groups which do business in Brazil. "It is worth a visit," says the Michelin Guide.



FOOD

Not just empanadas

“SAVAGE, RUSTIC, innovative”. That is how chef Rodolfo Gusmán defines the cooking in his restaurant, Boragó, the trendiest spot in Santiago at the moment. Gusmán, who is a biochemist by profession, has adopted indigenous techniques (with the style of the new Spanish cuisine) and uses only Chilean ingredients, including fish from Easter Island, mushrooms and herbs from the foothills of the Andes and native fruits. The sampling menu has eight dishes and bears the chef’s hallmark. However, individual dishes can be ordered, including curanto agua de lluvia de la patagonia, (photo). This is a tasty typical Patagonian stew of meat and vegetables, cooked on hot stones in a kind of envelope of aromatic leaves which is buried in a pit and covered with 20 centimeters of earth. www.borago.cl



FLYING 1

Arriba, Iberia!

THE TRADITIONAL Spanish airline is facing difficulties even though it is merged with British Airways. It has fallen from first to third position in Spain (as low cost Air Europe and Vueling overtook it) and had to make drastic cuts in routes and personnel. (However, it still maintains its weekly 20 flights from Rio and São Paulo to Madrid.) It has responded with a new brand shown on crew’s livery and a redesign of its plane colors which are lighter and clearer although the red and yellow of the Spanish flag have been kept.

FLYING 2

On the wings of Air France

PEOPLE FROM Brasilia who enjoy the highest per capita income in Brazil will soon be able to spend some of it in Paris, thanks to a direct Air France flight. A Boeing 777 will link Juscelino Kubitschek International Airport and Charles de Gaulle Airport in Paris on a daily basis from March. Air France will also make another breakthrough in 2014 with the introduction of the giant double-decker Airbus A380 on the São Paulo-Paris route.

AIRPORTS

Ecuador’s new airport

ECUADOR HAS 15 million inhabitants, is 3% of Brazil’s size and the smallest of the Andean countries. However, its economy is performing well and has grown by almost 5% a year over the last decade, way above the average of its neighbors. In an odd twist, it has adopted the American dollar as its national currency. Oil exports are responsible for 40% of GDP. Large Brazilian companies which operate there and are doing good business include Ambev, Petrobrás, Vicunha Têxtil and all the big construction groups, such as Odebrecht, Camargo Correa, OAS and Andrade Gutierrez. There are no direct flights from Brazil to the business capital, Guayaquil. However, if you fly to Quito (three weekly direct flights from São Paulo’s Guarulhos Airport) you can use the brand new Aeropuerto Internacional Mariscal Sucre airport that was opened a few weeks ago. It lies 25 km from the center and has the longest runway in the Americas (4,100 m) along with comfortable, well lit buildings. The former airport in the center of Quito was closed and is being transformed into a park with cultural and urban equipment and services and is set to be a new landmark in the capital. The new airport kept the old Mariscal Sucre name after a popular plebiscite.

1 Boragó, in Santiago: think global, eat local

2 Air France links Brasilia to Paris and is bringing the Airbus A380

3 Airbnb: near Central Park, feeling of a private house

WIFI

What is your password?

THERE ARE lots of apps showing nearby wireless hotspots but none can beat JiWire which is free! It has identified 650,000 Internet wireless points (most of which are free) in 144 countries. Tip: download the content on your mobile and access the information even offline so you do not spend the data package you have bought for the trip trying to find hotspots. Free Internet is great and even lets you phone (free) via Skype and similar apps.

ACCOMMODATION

In my apartment?

THE APARTMENT and private house rental site www.airbnb.com has launched a Portuguese version, www.airbnb.com.br. The site is the biggest of its kind and presents places to rent in dozens of countries. It is an alternative for those who do not like the idea of paying for hotels and having to eat three meals a day outside. For example, a good fully-equipped apartment with two rooms and two bathrooms close to New York’s Central Park can be rented for half the price of a 5 star hotel.



LIMA

by Sergio Thiesen

SERGIO THIESEN from southern Brazil has been living in the Peruvian capital since 2010. He is a chemical engineer and Latin American director for the petrochemical company Braskem which is part of the Odebrecht group. Lima was an enchanting discovery for Sergio and his wife Márcia. The Peruvians are proud to show visitors the squares and gardens of their capital which is located on the Pacific Ocean and is always filled with flowers although it almost never rains. Brazilians are made very welcome by Lima people, according to Sergio. The international fame Peruvian gastronomy has acquired is deserved and one can eat marvelously there, he says, as you can see for yourself in this itinerary.



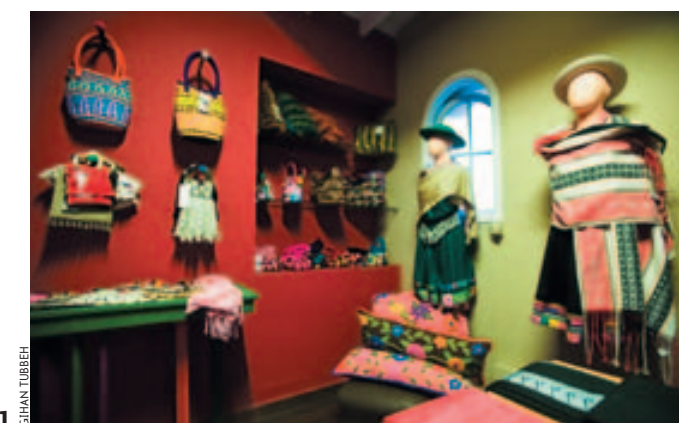
FERNANDO LÓPEZ



GHAN TUBBEH



CARLOS IBARRA



GHAN TUBBEH

1 Lima by night: San Isidro district

2 Gardens on the coast: flowers everywhere

3 Larcomar: open air shopping

4 Galeria Índigo: Peruvian handicrafts

5 Miraflores: cliffs and the Malecón coastal stretch

6 Ceviche chifa: from La Mar restaurant



HANDOUT



DANIEL SILVA

If you only have a few hours...

A GOOD starting point to feel the city's pulse is to walk along the Malecón, a long coastal avenue in the Miraflores district. Let's start in front of the Larcomar shopping mall. (We'll leave the city's architectural attractions aside for the moment and discuss them on the return trip.) The visitor can walk for several kilometers, admiring the sea view and the well cared for squares on the ocean side, situated on top of the cliffs. Tourists and many Peruvians use the avenue as a place to meet and to do daily exercises. The area is completely safe.

CONTINUE TO the Plaza del Amor, a city landmark, and go into the shopping center mall on the way back. Larcomar is open and located on top of a cliff, with impressive views. (A tip: you will get a 20% discount in some stores if you show your passport.) I recommend a pisco sour

and a ceviche — the drink and dish that are the symbols of Peru — in the Vivaldino restaurant. It is even better to have it outside to enjoy the sea view.

HOWEVER, IF you are a gourmet — and have enough time — I suggest taking a taxi and trying the ceviche at La Mar, a restaurant run by chef Gastón Acurio, the great name of Peruvian cuisine. Taxis in Lima are cheap but you need to negotiate the price beforehand. In this case, 20 nuevos soles will be enough for this ride in the same district. Two suggestions for those who want some souvenirs: the Mercado Inka in the calle Petit Thouars, also in Miraflores, where you will find all kinds of local handicrafts, and the Galeria Índigo store in the neighboring San Isidro district (El Bosque, 260) which contains the works of famous Peruvian artists.

If you have a whole day...

I SUGGEST making a city tour on the open-deck buses of the Mirabus Company which is located on the bottom floor of the Larcomar shopping center. It takes an excellent route through the main city points and arrives in the historic center which has been declared a Cultural Heritage. You will see the beautiful Plaza de Armas, the city's main public place and the Cathedral, the Government Palace and the baroque San Francisco Monastery which was built in the 17th century and is known for the impressive catacombs which house human bones.

THE BUS trip lasts around three hours and returns to the Larcomar shopping center. Take advantage on the way back and stop at Barranco which is less than 10 minutes by taxi from Miraflores and is Lima's bohemian district. Don't forget to cross the Puente de los Suspiros (Bridge of Sighs) with its legend that anyone who can cross its 44 meters length in one breath will have their wish granted! A store in the district worth getting to know is Dédalo in calle Saenz Peña which is regarded as one of the most attractive handicraft shops in the city.

IT IS also interesting to go to Barranco at night when there is great movement in the streets and the large number of bars, restaurants and nightclubs, frequented by people from Lima and visitors.. Have a look at the B Arts Boutique Hotel (calle San Martin 301) which was opened recently in a restored house dating from the beginning of the 20th century with a very special atmosphere. A daytime walk worth making is to the MAC – Museo de Arte Contemporáneo, which is located within a public park, and the Lucia de La Puente gallery, the most important for contemporary art in Peru.

OTHER MUSEUMS display Peruvian Pre-Columbian art. My first tip is the Museo Oro del Peru, in Calle Alonso de Molina, 1100, in Surco, which has relics in gold and precious metals from all the ancient Peruvian civilizations. It is a must visit. If ancestral cultures appeal, you should also visit the Huaca Pucllana (calle General Borgoño, cuadra 8), a large preserved ceremonial antique site — probably from 500 BC — right in the middle of Miraflores. If you go there at the end of the afternoon, take advantage and have dinner in the veranda of the restaurant which has a view to the Huaca, a combination of courtyards and squares around a pyramid which is 23 meters high and lit up at night. You can also get to know a place where I like to eat at night: the Central Restaurante (calle Santa Isabel 376), run by the young and highly praised chef Virgilio Martínez. It is also in Miraflores.



1



4



HANDOUT

2



HANDOUT

3



CARLOS IBARRA

If you have a whole weekend...

...IT IS worth getting to know the important Museo Larco archeological collection (av. Bolivar 1515) that gives an overview of 4,000 years of Pre-Columbian history. After seeing the collection of items from Peru's former cultures, brought together by the founder Rafael Larco, you can have a coffee in the museum's garden which blooms with flowers.

NOW IS the time to talk more seriously about Peruvian food. Restaurants and chefs from Peru are now making their presence felt throughout the world. And quite rightly! They treat their fish, meat, vegetables and spices with passion, whether their own or brought from the many cultures that have created the country. Let's start with a great introduction to Lima's dinner table; the tasting menu of Astrid & Gastón, another restaurant by Gastón Acurio. This is an unforgettable sequence of 12 dishes served over three hours. If you prefer a more conventional (and shorter) meal, ask for the Tres Ceviches starter (essential) or Por La Causa Limeña, (the causa is a firm mashed potato usually covered with seafood). The main dish, Cabrito Lechal, leg of lamb glazed with its sauce and served with gnocchi, or also Lomo Saltado Tradición, with filet mignon (lomo, in Spanish) onion, tomato, soybean sauce, ají (pepper) and French fries.

HOWEVER, IT is not only in Acurio that you can find Peruvian gastronomy. I could easily recommend a dozen great places in Lima. For lunch, I recommend Pescados Capitales (av. La Mar 1337), specializing in fish and seafood. Generally speaking, you can easily order excellent typical meals in Lima restaurants. Besides the ceviches, these include ají de gallina (a cream made with shredded chicken meat and bread), rice with mussels or duck, papas a la huancaína (a cold potato salad with Peruvian yellow pepper sauce and fresh cheese) and chaufa rice (a dish of rice with meat and eggs introduced by Chinese immigrants).

FOR DESSERT, don't go home without trying suspiro limeño, tres leches, cherimoya mousse, mazamorra morada and lúcumas pie. And if you are in the city in September, the place to visit is the Feira Mistura fair, a big gastronomic event where you can try all sorts of food in kiosks and listen to lectures on gastronomy. Finally, a recommendation for lovers of antiques: wander around stores in the La Paz and Larco avenues where the prices are much cheaper than in some other countries

1 Astrid & Gastón: Chef Acurio's main restaurant

2 ... Dessert from Astrid & Gastón...

3 ... and starter at the Central: innovative cuisine

4 Museo Larco: Pre-Columbian art

5 San Francisco church: colonial baroque style

GLOBE-TROTTER In transit

Buenos Aires, my kind of town

FÁBIO VINÍCIUS BEVEVINO*

Fábio:
diving
into the
Argentinean
soul



PERSONAL COLLECTION

About 18 months ago, I accepted the mission of taking charge of the subsidiary of a Brazilian autoparts manufacturer in Argentina. As I had previously made some stays in Buenos Aires and Córdoba, for work or leisure, I felt that all I needed to do to adapt to the Argentinean way of life was become fluent in Spanish. However, it did not take long to realize that there are more mysteries and differences between the two countries than you might suppose.

The European approach to enjoying life and not working yourself to death – the opposite of our workaholic style that has been influenced by the Americans – is the first thing that draws attention. The Argentineans finish their shift and... see you tomorrow! They do not like to work late in the evening and even the unemployed will not just accept anything. Although our Argentinean neighbors have copied a number of Brazilian “inventions”, I have never seen anyone distributing pamphlets at traffic lights or guys with cardboard arrows hanging round their necks pointing to new housing developments, as is common in Brazil.

There are customs that force companies to prioritize production planning. For example, whenever we receive higher-than-usual orders, we try to program ourselves to meet them well in advance. If you leave everything to the last few days,

you have to pay overtime and that’s it as the labor unions don’t accept any alteration in the fixed working hours. The unions’ strength also means you need a much more streamlined human resources area than in Brazil. Besides spending a lot of time with the unions, the HR department has to keep the mid-level technicians motivated as they earn more than their Brazilian counterparts. Since they are also in great demand on the market, they won’t just accept anything for money, as I have already said about those without a job.

Another challenge is the need to verticalize the production lines. When the federal government decided to improve the state of the trade balance, it imposed restrictions on imports even when the purchases were directed at domestic production of the goods. This is why Master Trim, a subsidiary and supplier of Toyota, recently announced an investment of US\$ 10 million to replace foreign orders of injected plastics and car seats. The industry minister, Débora Giorgi described the move as exemplary.

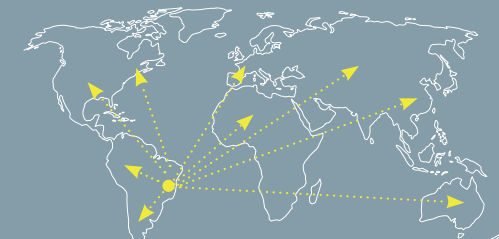
This regulation – linked to the

smaller scale of the Argentinean economy – makes it more complex for globally active companies to set competitive prices. Those companies present in the two largest “partners” of the Mercosul free trade area, i.e. Brazil and Argentina, certainly have a great advantage in resolving this problem. The solution is to define a mix of products for each country according to the following prescription: high volume and lower cost for Brazilian items and the opposite for the Argentinean menu.

On a personal level, I am happy with life in Buenos Aires. The city has broad avenues, is tree lined and has a number of parks that are a permanent invitation to go for a run, walk or motorbike ride. The people are great. As my Harley-Davidson still has Brazilian license plates, I am always being greeted in the streets. Drivers beep as they pass and people chat away whenever I park. They invariably speak very warmly of Brazil. I am hoping that the Brazilian and Argentinean teams don’t come up against each other in the World Cup in 2014. I like this country very much.

*

Fábio Vinícius Bevevino is CEO of Suramericana de Plásticos Sopladados SA, the Argentinean subsidiary of the Brazilian company Indústria de Produtos Automotivos (IPA), a supplier of fuel tanks for car manufacturers.



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