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NELY CAIXETA AND ARMANDO MENDES



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HANDOUT

## If only Brazil could be like Medellin

This was the feeling editor Marco Antonio de Rezende had when he returned to Brazil from a trip to Colombia at the beginning of September. Marco is a veteran foreign correspondent. He spent over a decade based in Europe for the news magazine *Veja* and covered historic events like the revolution of the ayatollahs in Iran, the break-up of the Soviet Union and the endless violence in the Middle East. He now presents us with a portrait of his latest immersion in foreign lands. Marco spent 10 days in Colombia during which he made seven flights and drove along almost 1,000 kilometers of tip top asphalted roads through various regions, visiting plants, work sites and the local headquarters of Brazilian companies which have crossed the Andes to play a part in the surprising rebuilding of the Colombian economy. "I knew that Colombia was experiencing a good period after decades of civil war and international isolation but I was still taken by surprise," he said.

Of all he saw, Marco was captivated, above all, by the city of Medellin, the second largest in the country. Not so long ago, Medellin only appeared in the media linked to the word "cartel" and the top drug trafficker Pablo Escobar. Nowadays, in a sign of its transformation, the word most associated with Medellin is "innovation". The stories of a city and country that have reinvented themselves — and the role of Brazilians in this effort — are told in 14 pages of this issue.

The reader will also find a report by Adriana Setti from Barcelona on the impact Brazilian artists are making on the international art market. It is not just contemporary artists like Beatriz Milhazes and Vik Muniz who are winning space in galleries and museums. Iconic names in Brazilian art from the 20th century, such as Lígia Clark and Sérgio Camargo, are also being discovered and reevaluated. The interview in this edition is with Donna Hrinak, a former US ambassador to Brazil and currently head of the American aerospace giant Boeing's operations in Brazil. She talks about the challenges and opportunities of cooperating with the Brazilian aerospace industry. Our piece for travelers includes a short break in Florence, the jewel of the Italian Renaissance. Have a good trip!

Nely Caixeta



TOTUM  
EXCELÊNCIA EDITORIAL



PIB  
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INTERNATIONAL

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## WORKING TOOL

“Dear Editors, UK Trade & Investment (UKTI) uses PIB magazine as an essential working tool when we look for Brazilian companies going international. It presents information that is new and important and has a high quality of journalism. The magazine has helped us validate our strategies and, for this reason, we wish to congratulate your team and hope you continue to improve your work.”

**RAQUEL KIBRIT | INVESTMENT MANAGER  
UK TRADE & INVESTMENT BRASIL - SÃO PAULO - SP**

## FOREIGN STUDENTS

“Our courses consider world issues and the challenges of international affairs. Graduates are trained to conduct independent scholarly research and develop an understanding of major globalization issues in specific fields.. For this reason, PIB magazine is a valuable source of information on the reality of Brazil in its political, economic, social and cultural dimensions. It is very important for the foreign students taking courses at the FEA/USP to have this reference material about Brazil in their hands, in Portuguese and English.”

**DR. EDSON LUIZ RICCIO (PH.D.)  
PROFESSOR OF INFORMATION SYSTEMS  
& INTERNATIONAL MANAGEMENT  
DIRECTOR OF INTERNATIONAL RELATIONS  
SCHOOL OF ECONOMICS, ADMINISTRATION  
AND ACCOUNTANCY - FEA/USP**

## SMALL COMPANIES

“What the world expects is a Brazil that is connected to the world. PIB magazine attracted my attention right from the very first page. It gives us an insightful view of current international business developments. As a representative of Camex-Peru, I believe our countries need to strengthen their trade relations and expand the market that is still underexploited to the benefit of our small and medium-sized companies. I share the

idea expressed by the president of GM for South America, Jaime Ardila, in the last issue of PIB: “In today’s fully integrated world, it is very difficult for a country to remain closed to trade relations. It loses competitiveness.” Thanks for the excellent magazine.”

**GABRIELA IGARZA A.  
INTERNATIONAL REPRESENTATIVE CAMEX-PERU  
AGRICULTURE PRODUCTS  
RIO DE JANEIRO - RJ**

## BRAZIL-CANADA

“I am a foreign trade consultant living in Ottawa, Canada. I started subscribing to your magazine when I began studying international trade. I want to congratulate you on the magazine which always presents material with high quality content. I would like to take advantage of this opportunity and suggest you include articles about the Brazilian presence in Canada and the need for direct shipping routes between Brazil and Canada.”

**RAQUEL VIANNA CARDOSO | OTTAWA - CANADA**

## CORPORATE WORLD

“I am business director of Carreiras RH, a company that recruits and selects professionals up to mid-management level and provides temporary services. PIB magazine often provides me with excellent information on the corporate world which has helped enormously in defining the target of our Consultancy’s operations. Another aspect I find important is the fact that the magazine appears in Portuguese and English. Congratulations to the Editors who are working hard to maintain the standard of producing a high level of information, with content that is always up to date.”

**ARYOVALDO ORTEGA MARQUES | BUSINESS DIRECTOR  
CARREIRAS CONSULTORIA EM RECURSOS HUMANOS  
SÃO PAULO - SP**

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# Antenna

Antonio  
Carlos  
Santomauro

## Three women

### Gisele springs a surprise...

In an activity in which models appear to be almost disposable, Brazilian supermodel Gisele Bündchen reigns supreme. After almost two decades on the catwalk, the contract that she recently signed with the Under Armour sports articles brand may have been the largest of her career: estimates indicate that Gisele will earn around US\$ 275 million over a 10-year period. Under Armour was founded in the United States in the mid-90s and expects to have revenues of around US\$ 3 billion in 2014. Its products started being sold in Brazil this year in multi-brand stores and the company is now looking to make sponsorship agreements with football clubs. In her first job for the brand, Gisele appears as a boxer attacking a punching bag.

1



2

### ..Joanna is the best in the world...

Brazilian advertising has had its creative talent recognized internationally for a long time. Now it is the time for the advertising women. Joanna Monteiro from Brasilia, who is the vice president of creation at the FCB Brasil agency, was elected the most creative woman in the advertising world in August by the American site Business Insider. She was chosen as a result of FCB Brasil's good performance at the Cannes festival — the most important in the world in this area. The agency won the Grand Prix in the disputed Mobile category with a project for its client Nivea. The prize not only hailed Brazilian advertising but also showed appreciation for the participation by women in the sector which is not always recognized. "There are still few women in the highest positions in the agencies, even in the United States, where the advertising market is much larger and meritocracy prevails," said Joanna.

PICTURES: HANDOUT

1 Gisele: million dollar contract  
2 Joanna: women's turn now  
3 Carina: cartoons on cable TV



3

## ...and Carina sparkles on her return

From Brazil to the mecca of cinema and back again: this was the path of Carina Schulze, a partner in Chatrone, a film producer in Los Angeles which has had a Brazilian arm since last year. Carina from São Paulo, graduated in Literature, and moved to California in the 1990s to work in production. She set up Chatrone in 2006, in partnership with the American Aaron Berger. In Brazil, the company created the cartoon series Gaby Estrella, shown on the Globo channel — the second season of which is now under production — and is developing the series Sem Volta for Record channel. (These projects are in partnership with the Brazilian company Panorâmica.) Her return was boosted greatly by the law that is encouraging local content to be shown on cable TV. “Furthermore, although the American market pays well, the distributors sometimes buy things that are not always shown. People who create, want to see their work on the screen,” said Carina. Chatrone produced a cartoon film in the US called Book of Life that will be shown in Brazil in October and was produced by Guillermo del Toro, the director of films such as Hellboy and Blade.

## Brazil in a click

Exporters, importers and investors interested in improving their knowledge of what Brazil has to offer can now obtain information from a unified on-line source: the portal Brasil Export — Guia de Comércio Exterior e Investimento ([www.brasilexport.gov.br](http://www.brasilexport.gov.br)), launched in July. Three ministries — Foreign Affairs, (the *Itamaraty*), Development, Industry and Foreign Trade, and Agriculture — are responsible for the new tool in partnership with Apex-Brasil. The portal is available in Portuguese, English and Spanish and brings together content from a number of sources on finding commercial partners and raising foreign investment for Brazil.

## To the winner, a banana

São Paulo Orange juice producer, the Grupo Cutrale, succeeded in persuading the American global banana distributor Chiquita to consider a proposal to buy the company for US\$ 611 million. Cutrale's initiative, in partnership with the Safra financial group, interrupted a merger that was being negotiated between the American company and its Irish competitor Fyffes, which had been turned down initially. The Chiquita shareholders will meet at the beginning of October to assess the offer from Cutrale and Safra.



FERNANDO MAIA | RIOTOR

## In Asian eyes

When the World Cup was showing the world Brazil's tourist attractions — before and during the tournament — China and Japan were the countries where there was the interest had grown most in visiting Brazilian destinations, according to the global travel site TripAdvisor. Americans and Argentinians remain the foreigners who look most for information on Brazil on the site, in absolute numbers. Rio de Janeiro continues to be the most sought after destination by foreign visitors.

## Yellow card for industry

Brazil is in the company of China, the Czech Republic, Poland and Russia as part of a group of markets in which the industrial production costs are no longer well below the United States — in some cases they are even higher, according to the multinational consultancy Boston Consulting Group (BCG). A study by BCG analyzed the growth in the costs in the 25 main exporting countries between 2004 and 2014. In Brazil, a combination of high wages and low productivity pushed the industrial production costs 26 percentage points higher than the indices for the American market in the same period. Mexico had a better performance and held on to its advantages even against China.

### WITH AN EYE ON BRAZIL

▄ COUNTRIES IN WHICH INTEREST IN VISITING BRAZILIAN DESTINATIONS INCREASED MOST\*

1	Japan	137%
2	China	105%
3	Canada	74%
4	Australia	68%
5	United States	51%

▄ FOREIGN COUNTRIES WITH THE GREATEST SEARCH FOR BRAZILIAN DESTINATIONS\*\*

1	United States
2	Argentina
3	UK
4	Germany
5	France
6	Canada
7	Italy
8	China
9	Chile

Source: TripAdvisor  
 \* August 2013 to July 2014 compared with August 2012 to July 2013  
 \*\* August 2013 to July 2014

## Attacking from the top

Another pharmaceutical laboratory from São Paulo, Cimed, wants to win over the American market and has set up a sales and marketing office in Fort Lauderdale, Florida. It is seeking local registration for some of its drugs that can be sold over the counter. This is the case with the anti-flu and anti-allergy drugs, Cimegripe and Loratamed, currently among the top sellers in Brazil. At the moment, Cimed is exporting only to African countries, sales of which account for less than 2% of its revenues. Would it not be a very daring step to try and grow in the US, the father of Big Pharma? “The over-the-counter market there is five times larger than the Brazilian market,” is the answer from João Adibe, the Cimed Group CEO. (The group also contains producers of food supplements and cosmetics.) Moreover, American distributors also sell products to countries such as Mexico and Colombia which expands the potential market of the American operation.

## Market upgrade

The São Paulo laboratory Cristália supplies products and raw materials to over 30 countries. Now it wants to move up another step on the world pharmaceutical market and will start exporting technology. It will begin cooperating with a company — the name is still a trade secret — to build a plant in Mexico to produce antiretroviral drugs used in combatting AIDS. Cristália will also supply this partner with the input and technology to produce the drugs. “We will then transfer the knowledge for the production of the active ingredients,” said CEO Ogari Pacheco. He says this is the first time the sector has transferred technology abroad. Cristália is investing to expand its international presence — concentrated in Latin America, Asia, Africa and the Middle East— to the United States, Europe and Japan.

**1** Rio de Janeiro: top destination

**2** Adibe: over-the-counter drugs

**3** Cristália: technology for Mexico



2

HANDOUT



3

HANDOUT



2

1

## In brief

**INNOVATORS** — The Brazilian companies Ambev and BRF are among the world's most innovative companies in the list published by Forbes magazine. Ambev appeared in 27th position and BRF in 92nd place.

**MICROSOFT** — Brazil accounted for 13 of the 73 awards made to Latin American companies in the Microsoft Worldwide Partner Conference. Mexico won the largest number of prizes (19).

**CELTIC GUIDE** — Mariana Borges, a Brazilian who lives in Dublin, has launched a guide to Ireland in print and digital versions, with information about events, the economy, tourism, culture and art in the country.

**IN FLORIDA** — The mergers and acquisitions operator OPP, which was founded in Curitiba and has its head office in São Paulo, has opened an office in Miami to give direct support to its international operation.

**IN NEW YORK** — The São Paulo real estate broker Lello has expanded its operations from Miami and Orlando to New York through a partnership with the American broker Douglas Elliman.

## On the heels of the giants

“We were very competitive on the domestic market, even competing against multinationals. Now we are expanding to Latin America,” said André Frederico, corporate development director of the technology services provider Tivit that recently acquired the Chilean company Synapsys for R\$ 330 million. Tivit was founded and based in São Paulo as part of the Votorantim Group. It provides management and complete outsourced IT services and competes with giants like HP and IBM. Most of its shares were acquired in 2010 by an American investment fund. Tivit had sales offices in France and the United States but only offered its services from Brazil until now. The acquisition of Synapsys adds data centers in Chile, Colombia, Argentina and Peru to its infrastructure. Combined revenues should come to R\$ 2.3 billion this year. The acquisition is being analyzed by the Brazilian anti-trust regulators.



# Foreign trade meeting in Rio

Cutting costs for exporters and importers was the theme of the National Foreign Trade Meeting 2014 (Enaex), held at the beginning of August in Rio de Janeiro. Proposals were discussed to cut the costs of logistics, relieve the tax burden and speed up customs procedures in order to strengthen the Brazilian economy's competitiveness. The Enaex brings together companies, service providers, academics and government representatives to discuss the sector's problems and requirements. The mining giant Vale won the 2014 Outstanding Foreign Trade Award in the Exporting category (the prize winners in all categories are listed alongside).

## AWARDS FOR EXPORTERS

Company	category
:: Vale	Exporting
:: Itaueira	Agribusiness
:: Marchesan	Capital Goods
:: General Motors	Durable Consumer Goods
:: Vida Mansa	Market Conquest
:: Usivale	Small and Mid-sized Companies
:: Fanem	Technology
:: Camargo Corrêa	Services
:: Bunge Brasil	Logistics
:: Cenibra	Management
:: Correios	Support for exporters
:: Magnesita	Going International

**1** Enaex: how do you cut costs?

**2** Tivit: acquisition in Chile

**3** Minerva: meatpacker in Uruguay

## Strong meat

Speaking of beef, Brazilian revenues from beef sales will beat records this year, according to the multinational agribusiness consultancy InformaEconomics - FNP. Brazil exported 1.045 million tons of beef and by-products worth US\$ 4.75 billion between January and August, according to the Brazilian Beef Exporters Association (ABIEC). This was 10.4% and 13.8% higher, respectively, than in the first eight months of 2013. The reasons for this increase were mainly the rise in Asian demand, driven by urbanization and the growing wealth of countries like China and Indonesia. Political tensions also played a role as Russia stopped importing beef from the United States and Europe as a result of the Ukrainian crisis. Another factor was the recent suspension of the ban on Brazilian meat imposed for reasons of hygiene in May by Egypt and Iran, both big buyers of Brazilian beef.

PICTURES: HANDOUT

3



## The road to Australia

The Brazilian producer of beef and by-products Minerva is heading for the Pacific. Minerva is on the list of the most internationally active Brazilian multinationals drawn up by the Fundação Dom Cabral business school. The company announced in its latest report that it had received the OK from its board of directors to open a subsidiary in Australia which will join its offices in the United States, Italy, Colombia, Chile, Russia and Saudi Arabia, amongst other countries. Minerva also controls meatpacking and production operations in Paraguay — where it opened a distribution center in the first half of the year — and in Uruguay where it acquired a second meatpacker, also in the first half of this year. It exports to more than 100 countries and reported net revenues of R\$ 1.656 billion in the second quarter, 25.2% higher than in the same period of 2013.

## 3

## Three questions for Carlos Alberto dos Santos

Small companies are general regarded as inefficient and not very productive. However, things do not have to be like that, says Carlos Alberto dos Santos, the technical director of the Sebrae (Brazilian Support Service for Micro and Small Companies). Dos Santos is an economist who specializes in the sustainable development of small business and says that the export market could encourage smaller companies to gain an international standard.

### **Why is Sebrae supporting small and medium-sized companies to go international?**

You need to be competitive in global terms, not only local or regional, in an economy that is becoming increasingly more open and integrated. This also applies to small businesses. A company may or may not operate outside the country but the international competition is here. In other words, what is important is the

competitiveness of the economy as a whole. It is not enough for us to have large competitive and aggressive multinationals if we have great difficulty in terms of productivity. When we think of the national economy, we definitely need to talk about small businesses as they form the majority of companies and employ most of the working population.

### **What Sebrae can do for the small businesses?**

We have courses for them — ranging from procedures and planning to export and self-diagnosis of international business, to our innovation and technology platform, Sebraetec. Most of these courses are free. We have an agreement with the Small Business Development Centers (SBDC) — the American version of Sebrae — on a platform for commercial intelligence. We have 11 states with more than 200 companies participating.

A project with the National Confederation of Industry (CNI) for small companies to go international is beginning in nine states. Around 1,000 companies will have the support of Sebrae and CNI in going abroad.

### **What is the objective? Is it only to export, take them to participate in global value chains, or set up production lines abroad?**

Each case is different. Some are in the initial phase of looking around, trade fairs... Others are already supplying Brazilian multinationals. Large builders with projects abroad approach us because their local suppliers want to follow the international path. There is no set recipe. It is not only a lecture or a course but a tailor-made consultancy, part of the long-term strategy. Something in-depth that allows these companies to differentiate themselves, grow and become medium-sized on a path that involves going international.

## Chinese invest in IT

Three large Chinese information technology corporations announced investments in research in Brazil during the state visit by the Chinese president, Xi Jinping, in July:

■ The search site Baidu (the Chinese equivalent of Google) said it would invest R\$ 120 million by 2017 in setting up a development center in cooperation with a Brazilian university or technology center. (Baidu has three similar units in China and one each in the United States, Japan and Singapore.)

■ The technology giant Huawei pledged to invest around R\$ 200 million in an R&D center which will focus on cloud computing, big data, cyber security and mobile apps.

■ The equipment maker ZTE announced its intention of forming a partnership with the telephony operator TIM to set up an R&D center to develop access networks.

HANDOUT



## Cold award-winning beer

Amazonia is a Brazilian beer produced by the Germânia brewery in Vinhedo, upstate São Paulo, and won an award at the international World Beer Challenge held in Portugal in June. It competed against 475 beers from all over the world and was among the 75 top performers, winning a silver medal in the American Style Amber Lager category.

**1** Santos: small and globalized

**2** Amazônia: silver medal in Portugal

**3** Port in Peru: for companies from Paraná

## From the Atlantic to the Pacific

Three companies from Paraná state — Pattac, Tucumann and Fortesolo — will participate in running the Peruvian port of General San Martín, in the Paracas peninsula, 250 kilometers south of Lima. The companies are partners of the Spanish firm Servinoga and their consortium won the auction organized by the Peruvian government for the concession of the port for 30 years. In exchange, they will make investments of up to US\$ 182.4 million. In Brazil, the companies have won concessions for container terminals in the ports of Paranaguá and Ponta do Felix — both in Paraná — the Parque Nacional Marinho national park in Fernando de Noronha and Cataratas do Iguaçu park, amongst others. Servinoga — which is also part of the management of Paranaguá — has concessions in six ports in Galicia, Spain.



# Looking to the world

In difficult times at home and abroad, Brazilian companies are continuing to expand their presence worldwide. The average index of Brazilian-based companies that operate abroad rose from 21.3% to 22.9% between 2012 and 2013, according to the Fundação Dom Cabral business school and research center (FDC), based in Nova Lima, Minas Gerais state. This figure formed part of the FDC Ranking of Brazilian Multinationals 2014, based on the 2013 results, which was announced at the end of August. The curve has continued to rise in the post-crisis period and the index has risen from 16% in 2010. The construction group Norberto Odebrecht was the most

internationally active of the 52 Brazilian companies that took part in this year’s survey. It was followed by the steelmaker Gerdau and InterCement, the latter’s performance boosted by the growing demand from African countries. The fourth-placed company — the IT firm Stefanini — was also present in the largest number of countries, with subsidiaries in 32 nations. It was followed by the electric motors maker WEG, present in 31 countries, and the mining giant Vale, present in 27. (The FDC calculated the “transnational index” of each company using the UNCTAD criteria which take into account the ratio between the assets, revenues and employees abroad

and the firm’s global numbers). The car rental firm Localiza leads the ranking of Brazilian franchisers abroad but appeared separately due to differences in the calculation methodology. Localiza is also the Brazilian franchiser that is present in the largest number of countries — eight in total. The Fundação Dom Cabral also asked the companies about the importance of the Brazil brand in their international business and found that 58.7% said being of Brazilian origin was a positive factor in their global expansion. However, almost half — 49.2% — said their own company brand was a more important factor than the Brazil brand in their international expansion strategy.

The Most Internationally Active Brazilian Multinationals 2014

	<b>COMPANY</b>	<b>INDEX</b>
1	CN Odebrecht	0,549
2	Gerdau	0,547
3	InterCement	0,539
4	Stefanini	0,537
5	Metalfrío	0,530
6	Magnesita	0,527
7	Marfrig	0,522
8	JBS	0,499
9	Artecola	0,397
10	Ibope	0,390

source: Fundação Dom Cabral

The Most Internationally Active Brazilian Franchisers 2014

	<b>COMPANY</b>	<b>INDEX</b>
1	Localiza	0,094
2	Mundo Verde	0,036
3	DepyAction	0,020
4	Chilli Beans	0,015
5	Datelli	0,014
6	Hering	0,013
7	Giraffas	0,012
8	Yogoberry	0,011
9	Arezzo	0,008
10	Magrass Franchising	0,008

source: Fundação Dom Cabral

# Technology in the United States...

Embraer opened an Engineering and Technology Center in Melbourne, Florida, in September to develop products and technologies. It will initially be involved in work related to

the interiors of the company's executive planes. Embraer carries out the final assembly of its Phenom 100 and Phenom 300 jets, its main models in its executive aviation line, in Melbourne.

**1** Road in the Andes: Odebrecht project

**2** Assembling the KC-390: first flight soon



HANDOUT/EMBRAER

## ... and a new plane in Brazil

In the defense area, Embraer is in the final assembly stage of the first prototype of the KC-390 transport plane that can be refueled in mid-air. Work is taking place at Gavião Peixoto in upstate São Paulo. The aircraft is being built for the Brazilian Air Force (and the world market for military transporters) in partnership with companies from the Czech Republic, Portugal and Argentina. The KC-390's inaugural flight

is foreseen for this year. Meanwhile, Embraer's Atech subsidiary has signed a contract worth US\$ 18.5 million with the government of India to supply an air traffic flow management and control system. India's national aviation agency says the number of passengers, currently averaging 150 million, should rise to 452 million by 2020 which would make the country the world's third-largest aviation market.

## Itaú's Ace in Miami

Brazilian bank Itaú is also marking its presence in Florida along with Embraer's aeronautical technology. Following six years in which it has sponsored the Miami Open tennis tournament, Itaú will now be the most prominent brand at the event which brings together some of the world's top tennis players. Itaú will be the main sponsor of the tournament which will now be called the Miami Open, presented by Itaú. The next event takes place in March and April of next year. The tournament was lucky this year. Its latest winners are the leaders in the men and women's world rankings — the Serbian Novak Djokovic and American Serena Williams. The Miami Open attracts more than 300,000 spectators and is shown in almost 200 countries.

# On the global circuits

*Modern and contemporary Brazilian art is notching up million dollar sales, being exhibited in leading museums and galleries worldwide, provoking surprise, gaining prestige and becoming more international*

ADRIANA SETTI, BARCELONA

**W**orks by Brazilian artists are gaining outstanding positions in the world's most important exhibition areas, invading international fairs and being sold for million dollar prices at auctions in London and New York. Lygia Clark (1920-1988) from the state of Minas Gerais was the main attraction at the MoMA modern art museum in New York between May and August. *The Abandonment of Art* exhibition presented 300 works by the self-styled "non artist", including paintings, sculptures, drawings

and interactive installations. The works were seen by 423,000 people and were enthusiastically reviewed by the most respected newspapers in the United States and Europe, including *The New York Times*, *The Guardian* and *El País*. While an enormous photo of Clark wearing a blindfold welcomed visitors to the MoMA, a number of other Brazilian artists were also dazzling the Big Apple.

For example, Adriana Varejão from Rio de Janeiro was the highlight of the Lehmann Maupin gallery from April 24 to June 21. (She was also among the team of con-



Moth by Beatriz Milhazes, one of 40 works on show at the PAMM in Miami



HANDOUT



THOMAS GRIESEL/THE MUSEUM OF MODERN ART



1 2

temporary artists catalogued in the *Vivid Memories* exhibition on show at the Fondation Cartier in Paris until the end of September.) Tunga from Pernambuco state presented his drawings and installations in the rooms of the Luhring Augustine gallery between April 19 and May 31. The Brazilian invasion of the American circuit is not restricted to New York. If you visit Miami in the second half of this year, you will have the opportunity to see works by the abstract artist Beatriz Milhazes at the Pérez Art Museum (PAMM), a reference point in the city that hosts one of the most important art fairs on the international circuit, Art Basel in Miami. The exhibition *Jardim Botânico* runs until January 11, 2015 and presents 40 works, including paintings, collages and engravings spanning 25 years of her career.

Milhazes, who is 54 and from Rio de Janeiro, is the living Brazilian artist whose works sell for the highest price. In November 2012, her painting *Meu Limão* caused a furor at an auction by Sotheby's in Nova York. The work, showing small circles and flowers in striking colors in kaleidoscope form, was initially valued at between US\$ 700,000 and US\$ 900,000 and eventually sold for US\$ 2.098 million. "Beatriz

Milhazes is one of the painters with the greatest potential on the international front and deserved an exhibition of this size in the United States," said American Tobias Ostrander, the chief curator at the PAMM. "At the same time as Brazilian collectors are becoming more active abroad, interest is expanding in the history of Brazilian art outside the country as the institutions try to understand other forms of modernism and es-

## Brazil's greater visibility has benefited a number of sectors, including the arts

thetic movements that had not previously featured on the international scene," he said.

This is also an opportune moment. The heating of the Brazilian economy, combined with the visibility Brazil has achieved in recent years has benefited a number of sectors, including the arts. This combination of forces has allowed Brazilian artists to take part in international fairs while curators and collectors have, at the same time, started to attend events held in São Paulo and

Rio de Janeiro. As a result, established and emerging talents from the Brazilian artistic scene, recognized for their quality and originality, have provided many names to satisfy the constant need for renovation on the international arts circuit which has been adopting Brazil as a new hub. The signs are that the benefit resulting from the international expansion is not a passing trend. Anders Petterson, the highly respected general director of ArtTactic, a London-based company that provides art consultancy and research services, wrote the chapter on International Perception, which was part of the latest Sector Survey Research.

This was published by the Latitude project, a partnership to promote the international expansion of Brazilian art signed in 2007 between the Brazilian Contemporary Art Association (ABACT) and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil). Petterson's survey showed that 66% of international collectors felt confident about the Brazilian art market in the coming five years and 88% had a strong view of the quality of the art produced in Brazil. "The 'discovery' of



THOMAS GRIESEL/THE MUSEUM OF MODERN ART



CORTESIA DA ASSOCIAÇÃO CULTURAL

**1 and 2** Entrance and installation at the Lygia Clark exhibition at the MoMA: 300 works were seen by 423,000 people

**3** The artist in her studio: highest amount reached for a Brazilian work at an auction abroad

Brazil has totally changed my map of the world,” said Pablo León de la Barra, a Mexican who is the curator for Latin America of the UBS Map Global Art initiative of the Solomon R. Guggenheim Museum in New York which aims to identify innovative contemporary artists abroad. Speaking at a panel in Madrid at the beginning of the year promoted by the magazine *ArtReview* (a reference for the art world), he described his surprise on finding that São Paulo was a city that could be seen as the “New York of the South”, with its own references and artistic his-

tory and traditions. “My reference points were turned upside down. I began to investigate the South, not

## The country accounts for a mere 1% of turnover on the global market

only Brazil, and expanded my research and world to latitudes in arts well beyond the European-North American axis.”

The elite troupe of modern and contemporary Brazilian artists are not only the target of foreign curators but are also part of a market that had a global turnover in 2013 of 47.4 billion (around US\$ 62.2 billion), according to the *TEFAF Art Market Report 2014*, published by Arts Economics, a Dublin-based consultancy. This volume was 8% higher than last year and just missed breaking the historic record of 48 billion (around US\$ 63 billion) regis-

ARTIST	WORK	INITIAL VALUATION (US\$ '000)	PRICE OBTAINED (US\$ MILLION)	AUCTION HOUSE	YEAR
Lygia Clark	Contra Relevô (objeto nº 7), 1959	600 to 800	2.225	Phillips, NY	2013
Sérgio Camargo	Sem Título nº 21/52, 1964	400 to 600	2.165	Sotheby's, NY	2013
Beatriz Milhazes	Meu Limão, 2000	700 to 900	2.098	Sotheby's, NY	2012
Lygia Clark	Bicho Invertebrado (sculpture), 1960	1,200 to 1,800	1.865	Phillips, NY	2013
Adriana Varejão	Parede com Incisões a la Fontana, 2001	320.2 to 480.3	1.786	Christie's, London	2011
Sérgio Camargo	Relevô 289, 1970	700 to 900	1.325	Sotheby's, NY	2013
Lygia Clark	Bicho-em-si-md (nº 4) (sculpture), 1960	400 to 600	1.169	Sotheby's, NY	2014

tered in 2007, the year before the global economic crisis broke out. The consultancy, headed by Claire McAndrew, an economist who specializes in arts, antique and collections, said the growth was driven mainly by the amounts obtained from sales of works of modern art (postwar to the 1970s) and contemporary art that had a turnover of 4.9 billion (US\$ 6.43 billion) in 2013 (11% more than the previous year). The United States was responsible for 38% of the transactions that brought together works of art from all over the world (with most deals carried out in New York), followed by China with 24%.

Brazil accounts for a mere 1% of the global turnover, considering the amounts obtained by Brazilian artists abroad and sales from exports by other local artists. However, the trend is pointing upwards in both areas. In May of last year, the painting *Contra Relevo (Objeto Nº 7)*, by Lygia Clark, was sold for US\$ 2.225 million in the New York auction house Phillips. The buyer's identity was not revealed, as is the practice in this market. It was the highest amount ever paid for a Brazilian work at an auction abroad at that time. Three months later, her painting *Superfície Modulada Nº 4* was sold for R\$ 5.3 million (about US\$ 2.36 million) at the Bolsa de Arte in São Paulo. Among the other Brazilians who have broken through the million dollar mark, Adriana

Varejão and Sérgio Camargo (1930-1990) – see box on page 26 – easily surpassed expectations of the values at auctions abroad in recent years.

The appreciation of Brazilian artists is not only measured in the high figures achieved by some individuals. It can also be seen in the spectacular growth of exports of works of art, not only by established talents but emerging names. In 2013, Brazil exported US\$ 127.4 million

in art works, more than double the volume registered in 2012 (US\$ 51.1 million), according to Apex-Brasil. Some of these paintings, sculptures, photographs and installations went to institutions like the Guggenheim and MoMA in New York, the Art Gallery of Toronto, the Tate Modern in London and the Centre Georges Pompidou and Fondation Cartier in Paris. Others were bought for reasons other than love of culture, i.e.



CORTESIA DO ESTÚDIO DO ARTISTA

1 Lezart by Tunga at the Houston Museum of Fine Arts exhibition in 2009

2 Polvo Portraits IV, polyptych by Adriana Varejão at the Galpão in São Paulo

CORTESIA DA GALERIA FORTES VILAÇA



2

profit.

The higher number of deals also boosted funds investing in works of art. Brazil Golden Art was set up in 2010 and was a pioneer. It is run by the Brasil Plural bank, based in São Paulo, with offices in Rio de Janeiro, Porto Alegre and New York. It raised US\$ 20 million from 70 investors and invested in 630 works by contemporary Brazilian artists. It was founded by Heitor Reis, ex-director of the Museu de Arte Moderna da Bahia, and three well-known figures in the financial market (Rodolfo Riechert and André Schwartz, partners in Banco Brasil Plural, and Raphael Robalinho of RR Capital). The collection includes items by illustrious names like Adriana Varejão and Tunga, as well as emerging young talent like Marina Rheingantz and Henrique Oliveira. The works are stored in museum-like technical conditions in a specialist company in São Paulo. Although there is no plan to set up a BGA museum, the works are shown regularly at exhibitions held in Brazilian institutions.

BGA is starting a “divestment” process in 2014 in which it will sell its assets to make a profit. For the time being, offers are only being made to quota holders in the fund. Returns on investment will only be seen when the process has ended.

“Our calculation of the current return is now more optimistic than the initial rate of 80% and we expect a return of around 150%, with some works rising to 300%,” said Reis. “Brazilian art has appreciated consistently in recent years due to the exceptional quality of its production that is recognized internationally. This makes it a completely safe investment and it is a far cry from being a bubble.”

The global recognition is the re-

## The prestige abroad reflects a more professional domestic market

flection of a domestic market that is becoming increasingly diversified and professional. The galleries on the Rio-São Paulo axis have expanded and organized themselves in recent years. The Brazilian Contemporary Art Association (ABACT) was founded in 2007 with eight members and now has 52 galleries representing 1,000 artists, and accounts for 90% of national sales. Half these companies have been founded since 2000. The SP-Arte event, that took place for the 10<sup>th</sup> time from April 2

to 6 this year in the Bienal pavilion, registered an increase of around 35% in sales volume over last year, from R\$ 99 million to around R\$ 157 million.

In 2013, 457 works changed hands during the event, a figure that rose to 780 this year. It is the biggest art fair in Latin America and a record 136 galleries took part, including 58 foreign outlets from 17 countries. This compares with the first event held in 2001 when there was only one foreign participant among the 41 exhibitors. “Brazil has been making efforts to become more professional and part of the international circuit of international art fairs. The SP-Arte’s rise

confirms that we are on the right path,” said Luisa Strina, the owner of the oldest and most established art gallery in Brazil that bears her name.

The ArtRio event followed the SP-Arte exhibition and marked its fourth edition between September 11 and 14 with a record participation of 110 galleries, including 51 from 13 other countries. Works by 2,000 artists filled five warehouses at the Mauá Pier. “The Brazilian economy has done very well in re-

cent years and this is reflected in the art segment,” said Brenda Valanasi, one of the ArtRio partners. “We always count on important talents but in recent years they have been able to intensify their resident programs in galleries and institutions in other countries, had the chance to exhibit in foreign museums and their art has been publicized in different medias.” ArtRio occurred simultaneously at the 31st Bienal exhibition in São Paulo and took advantage of the presence in Brazil of curators and collectors from various parts of the world. The São

Paulo exhibition runs until December 7 and is regarded as one of the most important in the world. It is no coincidence that Brazil was featured in the September issue of *ArtReview*

magazine and featured in an interview with Charles Esche, the British curator of the São Paulo Bienal.

Spain was the foreign country with the greatest weight at the Ar-

## THE MOST HIGHLY PRICED

The contemporary Brazilian artists who are proving to be a success abroad

### ADRIANA VAREJÃO ([adrianavarejao.net](http://adrianavarejao.net))

Born in 1964 in Rio de Janeiro where she still lives. She likes to work with tiles and bricks and falls back on Brazil’s colonial period as one of her sources of inspiration. Besides paintings, she also produces sculptures, photographs and installations. She has works in the Tate Modern in London and the Fundación La Caixa in Barcelona, as well as her own pavilion in the Instituto Inhotim in Brumadinho. Her most valuable work is *Parede com Incisões a la Fontana*, a painting sold for US\$ 1.786 million at Christie’s in London in 2011. In 2014, she was highlighted at the Lehmann Maupin gallery in New York and was one of the artists featured in the *Vivid Memories* exhibition at the Fondation Cartier in Paris.

### BEATRIZ MILHAZES

Born in Rio de Janeiro in 1960 where she still lives. Her works draw attention by their vivid colors that make a reference to modernism, pop art and elements of Brazilian culture. She uses wood engraving, silkscreen printing and other techniques to create her canvases. In 2013, her work *O Casamento* was sold for US\$ 850,000 at an auction at Christie’s but the record was set in 2012



when *Meu Limão* went for US\$ 2.098 million. She is the main attraction at the Pérez Art Museum Miami in the second half of 2014. She also has works on display at the MoMA in New York.

### JAC LEIRNER

She comes from an artistic family and was born in São Paulo in 1961 where she maintains her headquarters. She has an irreverent, acid style and uses diverse materials collected in everyday life (from cigarette packs to bank notes that she sometimes takes years to convert into works of art). In 2013, her work *Names*, made with garbage bags, was bought for US\$ 52,500 at an auction held by Phillips in New York. She has works on display at the MoMA, also in the Big Apple.

### OS GÊMEOS ([osgemeos.com.br](http://osgemeos.com.br))

The “Gêmeos”, i.e. twins, from São Paulo, Gustavo

**1** Beatriz Milhazes: *Meu Limão* was auctioned for a record US\$ 2.098 million

**2** Adriana Varejão: exceeding auctioneers' expectations abroad

**3** Tunga: sculptor, illustrator and performing artist

tRio event, with 10 representatives. Eight galleries from Barcelona (one of Europe's liveliest cities from the point of view of contemporary art) took part, paid for by the govern-

ment of Catalonia. "The Brazilian market is strategic for us, both for its economic potential but also because of Brazilians' increasing inter-

est in art," said Jordi Mayoral, the owner of an eponymous gallery. His company, located in the modernist Eixample district, (Barcelona's

2 3



and Otávio Pandolfo, were born in 1974 and are the most famous and respected graffiti artists in Brazil. Their large murals draw attention in the streets of São Paulo, Los Angeles, New York, Boston and Vancouver, among other metropolitan areas, and also feature on the planes of the GOL airline. In 2013, their painting *Glass House* was auctioned for US\$ 149,000 by Phillips in New York.

**VIK MUNIZ ([vikmuniz.net](http://vikmuniz.net))**

He was born in São Paulo in 1961 and has lived in New York since 1983. He is one of the best known contemporary artists in Brazil. His creations (which include portraits of celebrities like Pelé and the singer Seu Jorge) are famous for their pointed effect made from unusual materials ranging from chocolate to waste. His works are photographed when they are finished. They were shown at the New York gallery Lühring Augustine in

2014 and Muniz was the second best performing Brazilian contemporary artist in terms of auctions in 2013. Six of his works were sold in auctions in London and New York for a total of US\$ 372,000.

**TUNGA ([tungaoficial.com.br](http://tungaoficial.com.br))**

Tunga usually says he was born in Palmares in upstate Pernambuco and in Rio de Janeiro in 1952 at the same time. He is a sculptor, illustrator and performing actor and is known for using various kinds of material, such as magnets, iron and lead and also for the large dimensions of his works. He even withdrew from the São Paulo Bienal event in 2014 because the organizers did not meet his demands for space to build his gigantic installation. In 2014, Tunga exhibited his works at the Lühring Augustine gallery in New York. His work *Dar Table with Light* was sold for US\$ 43,750 at an auction at Sotheby's in New York in 2013.



HANDOUT

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equivalent of New York’s Chelsea) took works to Rio signed by stellar names like Salvador Dalí, Pablo Picasso, Joan Miró, Miquel Barceló and Antoni Tàpies, amongst others.

“ArtRio is one of the most interesting fairs in Latin America and is also an increasingly larger window to reach Brazilian collectors,” added Joan de Muga, owner of Joan Prats, one of Barcelona’s most respected galleries which took the work of five artists to Brazil, including photographs by the Brazilian Caio Reiszewitz. “This is the third time we have taken part in ArtRio and are aware that it could grow even more,” said Carlos Duran Baste, from the Senda gallery that exhibited works by artists like the American Peter

Halley, Italian Massimo Vitali and the trendy young Russian Oleg Dou. “Rio de Janeiro has an artistic tradition and a unique sensitivity which is why we believe it will shortly con-

## The international expansion project has 49 galleries under its wings

vert itself into a genuine center of attraction for the international artistic community.”

Art fairs bring together the public, artists, curators, collectors and galleries in the same place. As a re-

sult, 40% of the deals made by Brazilian galleries occur during these events, in Brazil and abroad. For this reason, as well as attracting foreigners to the Brazilian events, it is also

essential to take part in the international circuit to reach the global market. Taking emerging Brazilian galleries to international fairs is one of the focus points of the Latitude project.

This is a platform to go international that started with five participant companies and now has 49 galleries under its wings. In 2013, 13 of them were present at the Art Basel event held in Miami, the most important international fair for the

### FROM THE USEFUL TO THE AGREEABLE

**WORKS OF** art is the third most popular “passion investments” category. The World Wealth Report published in 2013 by the French multinational consultancy Capgemini assesses the feelings of high-net-worth individuals (HNWIs). The study

aims to map how people with US\$ 1 million or more in disposable assets use their respective fortunes. These reserves reached a combined maximum, historic total of US\$ 46.2 trillion in 2012. The study shows that works of art are becoming significant



HANDOUT / MURILLO TINOCO

1 10th edition of SP-Arte: 35% increase in sales volume  
 2 ArtRio: 110 galleries present, including 51 from abroad

houses that work mainly with older pieces made before the 1970s. These have been highly valued by their history and are, therefore, theoretically more important in terms of being public assets,” said Mônica Novaes Esmanhotto, Latitude’s executive manager. “The problem with the decree is that the criteria for making evaluations and procedures are still unclear. This means that some collectors reacted initially by hesitating over whether to lend works for exhibitions in public places.”

The fear owners of important items have is that the visibility will draw the IBRAM’s attention and lead to a temporary freezing of the painting or sculpture. The decrees states that preference should be given to national museums should there be a legal sale or auction of the works tracked by IBRAM. However, public museums rarely have an acquisition plan and/or the funds to pay the market price. Until there is greater clarity over the rules of the game, works by famous Brazilian artists like Tarcila and Portinari run the risk of going back to the private rooms of the Brazilian upper class. This will result in an outcome that goes totally against the real public interest and will put a brake on the international expansion

Brazilian galleries abroad. The Arco event in Madrid, another essential part of the international circuit, drew 12.

On the other hand, the usual suspects remain the main obstacles to the faster growth of this market: the high tax burden, customs barriers and bureaucracy. In June, the British magazine *The Economist* published a report under the headline *Tropical Growth*, on a government measure that has made Brazilian galleries and collectors lose sleep. In October 2013, president Dilma Rousseff signed decree number 8124/2013 that regulated law 11 904 (on how museums should be run). Under this measure, the Brazilian Museums Institute (IBRAM) has

to monitor items declared to be of “public interest”. This means that as soon as a committee elected by the institute raises a certain work of art to this category, the item in

## Decree declaring art works as items of public interest has raised doubts

question cannot be restored, loaned (to an exhibition, for example) or moved without prior authorization. “Above all, the measure affects the secondary market, that covers galleries focused on retail, and auction

parts of the investment portfolios of the HNWI, particularly in the emerging countries, including Brazil. Buying paintings, sculptures and installations already accounts for 16.9% of what are known as Passion Investments. This raised artistic

production to the third most popular place after jewelry/watches and luxury articles. “Not only can a well chosen piece of art act as a hedge against inflation, it has the potential to outperform over the long-term,” the report stated.



# Brazil appears on Boeing's route

*The aerospace giant under the command of former American ambassador Donna Hrinak is investing in research in biofuels and materials and is pinning its hopes on partnerships with Embraer and universities*

NELY CAIXETA AND ARMANDO MENDES

**B**oeing is an old acquaintance of Brazilian pilots and passengers. The first encounter occurred in September 1932 with the arrival of a group of 14 F4B-4 fighter biplanes the federal government had ordered to strengthen its arsenal to combat the revolt by São Paulo state. Twenty-eight years later, the American company also began marking its presence in the domestic commercial aviation sector, with the sale of a 707 model to Varig. Brazil was entering the era of long-distance jet flights.

For decades the relationship had a commercial bias until 2011, when Boeing put Brazil on its route for the development of new technologies. The company put a heavyweight name in charge of the operation: Donna Hrinak, the former US ambassador to Brazil between 2000 and 2004.

Under her command, Boeing now has a research center in São José dos Campos (SP) that opened

three months ago. The company is also pledged to work with universities and maintain a partnership with Embraer aimed at making the use of biofuels for aviation commercially viable. Hrinak is confident about this cooperation opportunity and is straight to the point when the

**We are showing the viability of Brazilian biofuels for aviation in a project with Gol**

subject is Brazil's low competitiveness on the global economy. "Since my last experience here in Brazil, I have spoken to a number of multinational companies, not only Americans, which said their idea, 12 or 14 years ago, had been to set up in

Brazil as a platform for the world. There is no way of exporting from Brazil anymore as the production costs are much higher here," she said in fluent Portuguese: "I don't need to say what needs to be done. You know yourselves!"

**Your arrival marks the advance of Boeing's operations in Brazil. From being a mere supplier of planes, the company now has a local representation and is signing partnerships with Embraer and other companies. Are the prospects of developing the Brazilian Aerospace market behind this change of course?**

We have a history in Brazil. We sold our first commercial plane here in 1960. Now we look at Brazil with a different perspective and the base of this new relationship is no longer transactional but research, technology and innovation, science. However, you can't do something like that from one day to the next. You need to invest in relations and research. A scientific study requires a lot of time, par-

ticularly when the aim is to make the results commercially viable. A physical presence is essential to move forward in this area and this is exactly what we are doing with the creation of a research technology center in São José dos Campos and partnerships with universities, Embraer and other local companies. Boeing is a company based on technology and I believe there are opportunities here.

**Has some particularly experiment carried out here in Brazil awaken Boeing's Interest? Or could we say was the combination of projects, i.e., the volume of researches in a particular segment?**

If I were to highlight one area, it would be biofuels. Brazil's experience with ethanol and biodiesel shows Brazil's importance in this area. At the same time, the commercial aviation industry has assumed a responsibility over greenhouse gas effect emissions and is committed to stabilize its carbon dioxide emissions from 2020. I would say that this new view of Brazil coincides with the industry's obligations and interests, in biofuel for aviation led by Boeing. Besides the biofuels, other notable works are being carried out here, particularly the development of advanced materials. We knew about the research carried out at the University of São Paulo and the Technological Research Institute (IPT) but the seriousness of the aeronautic department at the Federal University of Minas Gerais, for example, came as a surprise to us. Since we began a partnership with the federal government's Science without Frontier's program in 2011, we have seen that most of the registered engineering and aerospace students were from the Federal University of Minas Gerais.

**How many students from the Science without Frontier's program have received support from Boeing?**

Seventy-two to date, including the 2014 class which has 25 students. They all attend universities in the US for a year. During their college breaks, they carry out internships for four weeks at Boeing in Seattle, where our commercial unit is based, and company's premises in other cities. This year's graduation took place at the Kennedy Space Center, in Florida. We have mentors who work with the academics throughout the teaching

**Brazil has a lot to contribute to the commercial aviation industry that wants to stabilize its carbon emissions by 2020**

year to ensure that the programs followed in the universities are relevant to the industry. They work on concrete projects, such as the biofuels.

**Two years ago, Boeing began studies in partnership with Embraer to develop biofuels for aviation. What stage is this project at?**

Two states are particularly interested in becoming industrial centers for aviation biofuel, Minas Gerais and Rio Grande do Sul. As this is an electoral year, discussions are moving at a slower pace. However the research programs with Embraer are continuing and we are making progress. One advantage of Brazil is that the country has a variety of sources and climates and

various raw materials are available according to the time of year.

**What weighs in the balance in favor of these two states? What factors has Boeing taken into account to make this decision?**

There are still a series of questions to be sorted out before we make the final decision. There are pre-requisites needed to ensure the commercial viability of a new industry that is beginning to arise: the regulatory system, proper tax burden, companies ready to invest in the business. This includes Petrobras which is also carrying out research in the biofuels area.

**Are motor and fuel manufacturers also taking part in the research run by Boeing and Embraer?**

General Electric, that produces turbines, took part in the initial stage. What we are doing together with our client Gol, which is the biggest client in Brazil and has one of the largest fleets of 737s in the world, are flights using sustainable biofuels mixed with kerosene at a ratio of 50%. The purpose of these flights is to show that this is a proven fuel that has been experimented and that both the 737 and the F-18 fighter can fly using biofuel.

**Are other companies testing biofuels besides Gol?**

Two years ago, Aeromexico, with our support, accepted the proposal to bring a delegation to Brazil that took part in the Rio+20. Other companies, such as Alaska Airlines, are already using biofuels in regular flights.

**What raw materials for the production of biofuels are being analyzed? Is sugar cane the favorite?**

It is one of them. We are looking at other sources like eucalypt-

tus, the macaúba palm and even cooking oil. The students carried out an experiment last year using biodegradable waste.

**Do investments in research and technology such those of Boeing, help encourage and qualify small and medium sized suppliers, including for the international market. Do you have any examples here?**

This is exactly our and Embraer's desire which is that Embraer's suppliers should also become suppliers to other companies. However, this is also a great frustration for me. We have more than 60 suppliers in Mexico, with whom we spent more than US\$ 600 million a year. Yet we do not have a single one here.

**Why?**

The production costs are very high in Brazil – 23% higher than in the US. Brazil is the eighth-largest economy in the world but it is in 57th place in the global competitive ranking. It even dropped one place this year... I think this is frustrating for all the multinational companies that operate here and, above all, for the Brazilian companies, the Latin multinationals, that would like to have higher profile in the world.

**This is a permanent debate in Brazil. With your experience of Brazil and abroad, how would you suggest unravelling this knot? Where would you start?**

I was studying the situation of Boeing in Mexico and my attention was drawn to the political outlook, particularly the Pact for Mexico that was signed in December 2012. The political parties agreed to make a number of reforms during the administration of President Enrique Peña Nieto who had just taken office. The Pact only lasted a year but

they modernized the energy sector and the educational, tax, political, systems etc. during this period. Other countries may not always give good examples but there could be good practices to be brought and shaped according to Brazilian style.

**Could Embraer suppliers supply Boeing?**

We have taken some to visit our units in the US and to other companies in the sector. The problem is scale. For example, the Boeing plant In Everett, Washington state, is the biggest in the world and is where we

**Latin America will need 3,000 planes in the coming 20 years, of which 40% are for Brazil**

produce the 787, 777 and 767 tanker models. We also have a unit in Renton that delivers 42 737 planes every month, a figure that should soon jump to 46. This means that a Boeing supplier needs to produce to this scale, without even talking about the quality certification required. We usually advise candidates not to think of becoming a direct supplier to Boeing but to work for one of our suppliers. This was why we made a point of introducing some Embraer partners to American companies that work with us.

**Brazilian government overlooked the Boeing F/A18 and chose the Swedish Gripen fighters to modernize the Brazilian Air Force. Despite this frustra-**

**tion, are you continuing to take part in Brazil's defense programs?**

We have some projects in cooperation with Embraer. The biggest is the development of the KC-390 transporter. We are also working on the integration of bombs and arms we manufacture to the Super Tucano plane, both for the United States Air Force and other clients.

**What is the outlook for the Brazilian market in terms of commercial aviation?**

Our forecast points to Latin America needing 3,000 planes in the coming 20 years – more than 40% in Brazil alone. That corresponds to around US\$ 340 billion.

**There is a lot of expectation in Brazil over regional aviation as the federal government intends encouraging the building of smaller airports in medium-sized cities. What is Boeing main trump card?**

The 737 is our smallest plane and its capacity depends on the configuration. Gol is working with a version that carries up to 177 passengers. Obviously we can also attend a smaller market but it is precisely because we do not compete with Embraer that we can be partners. We work above with 125 plus seats per plane whereas their planes are more or less at this figure.

**Do you believe in the growth of local regional aviation?**

I have no doubt about it. Brazilians are swapping buses for planes on a growing scale. The highway transport system here is among the best in the world but I do not think people who change the bus for the plane are going back to the bus. The idea is not to have any more regional highway stations but regional airports.

# That's what magical realism is

*With a vision of the future, Colombia attracts investments and creates opportunities for Brazilian companies*

MARCO ANTONIO DE REZENDE, BOGOTÁ

**A**t the steel mill not too far away from the historical Bridge of Boyacá, where Simón Bolívar fought the decisive battle for the independence of Colombia in 1819, workers graft around the clock, 24 hours a day, seven days a week, to produce 450k tons of steel a year, almost a quarter of the expected national consumption in 2014. 425km to the North of Bogota, in the region of Barrancabermeja, a large transnational construction firm is racing against the clock to deliver, by 2017, a 528km double-lane stretch of Ruta del Sol, the highway that transports almost 70% of Colombian GDP to the ports of Barranquilla and Cartagena, in the Caribbean. At a modern building in the financial heart of the capital, one of the world's largest financial institutions is also present, providing customized services ex-

clusively to companies with annual revenues in excess of 100 million dollars.

Readers may already be wary, but there's no harm in asking: what do these companies all have in common? They are all Brazilian: since 2007, Votorantim Siderurgia owns Acerias Paz del Rio, in Boyacá. The Colombian subsidiary of the contractor Odebrecht is constructing, and already operates as conces-

**The country from which investors and tourists fled has changed very quickly**

sionaire, Ruta del Sol – the highway that is Colombia's biggest public construction work right now. And Banco Itaú BBA has teamed up with

other Brazilian companies that have run to Colombia in recent years to surf an unprecedented wave of prosperity. At the arrival lounge of flights arriving from Brazil at the modern airport of Eldorado, in Bogota, it is commonplace to see drivers holding up signs waiting for executives of Brazilian companies such as Petrobrás, Gerdau, Natura, Arteccla and many others. There are already over 50 Brazilian players (*more on this later*) produc-





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ing in the country, constructing strategic infrastructure works or present via franchises.

They are joining multinationals from all over the world, seduced by the opportunities in a territory the size of Mato Grosso and Rondônia together, with 48 million inhabitants, right in the heart of the continent and with escape routes to the Atlantic and the Pacific. Last year, foreign direct investment in Colombia totaled 16 billion dollars, 10 times more than in 2003 according to the Colombian Central Bank.

The country that until recently

was caught in the crossfire of the drug cartels and the civil war, from where foreign investment and

## Schooling: Colombia, with 9.4 years, is approaching Chile, with 9.7

tourists fled like the devil from the cross, has changed its look and attitude in a very short period. Foreign executives working in Bogota and

other cities no longer obligatorily request armor-plated vehicles and safety guards. A peace accord with the guerrilla, on the brink of being signed after tough negotiations in Havana, and improved safety conditions in general will likely put an end to talk of violence and bring the good things to the surface.

Indeed, Colombia has been garnering a growing reputation of solid economic policy, has carried out and continues to carry out necessary reforms in practically all areas and is cementing its status as one of the most thriving economies in Latin America. The country has been growing at almost 5% p.a. since 2010 (6.7% in the first quarter of 2014), and 2013 annual CPI inflation was the lowest in the last 60 years at 1.94%. To the displeasure of their Argentine neighbors, in the next two years Colombia is expected to become the third largest Latin American economy in size, after Brazil and Mexico, knocking Kirchner and co. off the podium.

Unemployment, which remained stuck at high levels for decades — totaling 12.7% in 2010 — has been falling for 48 straight months and is now approaching 8%. A read of the newspapers on a single day in September is enough to glean a series of positive news reports. Created two years ago, the law of PPPs, or APPs in Colombia — meaning Public-Private Partnerships — has already led to the concession of nine new high-



FRANCO ANTONIO DE REZENDE



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ways of the so-called 4G (or fourth generation) group, and there are another 251 APPs underway in sectors such as urban transport, waste collection, health, airports, water and sanitation, as well as another 178 in approval phase. Colombia, with 9.4 years of schooling on average, is reaching Chile, the Latin American leader with 9.7 years (Brazil is tied with the Dominican Republic at 7.2 years). By 2015, the country will reach the target of producing 1 million barrels of oil per day. And in 10 years, commercial aviation grew 250%, from 12.1 million to 28.6 million passengers in 2013.

“We have healthy macroeconomic indicators and major infrastructure works underway”, said Cecilia Alvarez, heads of one of the 16 ministries (Trade, Industry and Tourism) in the Colombian government. “But we also offer investors the benefits of 14 free trade accords already signed and that guarantee products made in Colombia access to a market of over 1.5 billion people.” (see pages 44 and 45 for interview with minister and tables with economic indicators).

Good macroeconomic indicators

and broad access to markets represent more business opportunities for the Brazilian companies that joined those who discovered the Colombian gravy train before. Take Marcopolo, which arrived in 1999. The city where Brazil’s presence is most obvious is the capital city, Bogota. All you have to do is look up to see the red articulated buses running the segregated lines of the Transmilenium system, the local BRT system inspired on the Curitiba model, created by Jayme Lerner: almost all of

### Inspired on the BRT of Curitiba, the Transmilenium bus makes Bogota breathe

them are produced by Superpolo, the local name of the joint venture between Brazil’s Marcopolo and Colombia’s Fanalco. The bi-national bus bodies are assembled at a plant in Cota, in Greater Bogota, employing 1,500 workers in an area of 77,000m<sup>2</sup>. The rapid industrial and urban expansion of Bogota planted

the factory in the lands of a bucolic farm, where cattle still graze. From the room of general manager James Posadas you can see a pack of horses.

The partnership between Marcopolo and Fanalco gained traction when Bogota City Hall decided to build the Transmilenium bus network at the end of the 1990s. “Buses aren’t an expensive product, but the freight is”, says company CEO José Rubens de la Rosa. “It isn’t easy to move a large product — 13 meters in length by 2.55m by 3m in height — via the Amazon rainforest or the Andean cordilleras”. To explore the opportunities of the Bogota mobility project and the market of the neighboring countries, it decided to produce in

Colombia. 2013 saw the production of 2,100 buses, 1,200 of which for the collective transport system of the capital of Panama, called Metrobus.

In addition to Brazil and Colombia, Marcopolo makes buses in Argentina, Mexico, South Africa, Egypt, India, China, Australia and the US. In terms of volume, according to



- 1** Marcopolo plant: heart of Transmilênio
- 2** Transmillenium bus: city with fewer cars
- 3** Pedestrian street: the pleasant Bogota

HANDOUT SUPERPOLO SAS

DIVULGAÇÃO

de la Rosa, Colombia is already in third place alongside Argentina and Mexico (after Brazil and India). Around one sixth of the company's revenues in 2013, of 3.7 billion reais, came from the international operation (280 million reais in Colombia). The flagship product of Superpolo is the triple articulated bus Gran Viale BRT, measuring 21 meters in length and with capacity for 145 passengers, used on the exclusive corridors of the Transmillenium. The system is efficient: it allows a bus parked at the bus stop to be overtaken, guaranteeing fluidity — a blessing in the congested city of Bogota. The traffic of cars is so intense that there is a 50% alternate day traffic system during rush hours, depending on whether your car plate ends in an even or an odd number.

What else could attract a Brazilian investor to Colombia? For the time being, oil, mining and traditional sectors such as manufacturing and transport account for the bulk of GDP. But as well as reaping the rewards of the administrative continuity of the last 12 years — a period covering the two terms of ex-

president Álvaro Uribe plus the first term-of-office of Juan Manuel Santos, recently sworn into his second term —, the Colombian government has a clear modernization target. “The sectors based on innovation are a symbol of our vision of the future, of our bet on greater development and of our ambition to compete on equal terms in international markets”, as per the 2010-2014 National Development Plan.

Innovation has become a sort of national hashtag, almost a religion.

## Innovation has become a kind of national hashtag, almost a religion

The best place to witness the new cult is the beautiful and surprising Medellín, with 3.7 million inhabitants in the metropolitan area. It is the second largest city after Bogota and capital of the state of Antioquia, but up until the 1990s it was only famous for being the home of Pablo Escobar. Medellín is the HQ

of some of the country's largest companies, including the biggest bank Bancolombia, and the largest food company Nutresa. The city's GDP is a bit higher than national GDP in relative terms. The city is proud to be the only one in Colombia with a permanent plan of science, technology and innovation, aimed at creating the conditions for Medellín to house the largest technological complex on the continent by 2023.

The task of engineer Felipe Hoyos is strategically proportional to the name of the post that was tailor-made created for him: vice-mayor of IT, Economic Development, Internationalization and Public-Private Partnerships. “Industry once represented 30% of our economy, but now it's less than 18%”, Hoyos told PIB. “In a joint work of the government, universities and private-sector companies, we identified in the sector of knowledge a path for our development”.

There are 130,000 university students and 12 universities in Medellín.



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1 2

lin. The best known is the University of Antioquia (Colombia's version of Brazil's USP, or São Paulo University). Part of the vision of the future of the city is born at the university. In a partnership with the city hall, it created the Park of Entrepreneurialism, or Park E, to cultivate entrepreneurialism and support start-ups. Many of the business opportunities are identified by students during their academic studies. Afterwards, in order to create a company with the support of the program, all you need is a diploma and an idea. At the modern, clean HQ of Park E, a small, modern building in downtown Medellín, the doors are always open and a consultant is always available for the first interview. If the idea makes sense and is approved by a technical committee, the future entrepreneur receives a workstation and works alongside other talented aspiring youngsters.

Park E helps the business plan,

signals the financial paths, offers specific courses in coaching programs and monitors until the pre-operational phase but does not get directly involved. The future entrepreneur must use his/her own means to get the project off the

## City Hall, universities and companies work on turnaround

ground. A common factor among all the projects is the high added value of the services or products created there, which in general are based on the intensive use of IT. Of the 293 projects, one is a flight simulator for small aircraft, based on the graduation thesis of the project's creator. Another 37 are in incubation phase.

The turnaround at Medellín (*see*

*chart on page 40*) is rooted in the strong partnership between the city hall, the academy and the commercial association. This environment spawned another idea to boost the city's rebirth: the stimulus to business clusters. They are groups of companies from the same sector that share their sustainable initiatives to increase the competitiveness and revenues of their businesses. Five were identified and created since 2007: energy, construction, textiles, apparel production, design and fashion, tourism, fairs and conventions and, finally, medicine and odontology (Medellin plays in Colombia and in neighboring countries the same role that São Paulo has in Brazil as a receiver of so-called medical tourism).

The theme of innovation mobilizes Medellín like street parties



MARCO ANTONIO DE REZENDE

MARCO ANTONIO DE REZENDE



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mobilize Salvador, in Bahia. At the start of September, 2,700 people representing 400 companies and public and academic institutions joined up at a festive event to sign a document called *Grande Pacto Medellin* or the Great Medellin Innovation Pact. The objective: to ensure that 1% of the region's GDP is invested in activities linked to technology and innovation. The most visible result of this enthusiasm is in another initiative, the so-called Corporación Ruta N, a non-profit entity better known as Ruta N (the "n" is the exponential symbol), a city hall partnership with the local public utility concessionaire EPM (water, sewage, gas and energy), inspired on the pioneering district 22@Barcelona, in Spain. In short, it is dedicated to receiving know-how and technology-intensive companies, receiving them in the landing phase in the city. Installed next to the University of Antioquia, it oc-

cupies three buildings of excellent architecture covered by ivy, one of which is exclusively the global back office of Hewlett Packard (HP). In the others, at colored and transparent open spaces reminiscent of the global HQs of Google, there are 45

**“We are here due to Colombian’s vision of what a country and city mean”**

companies, including a start-up of young engineers ready to assemble a network of nano-satellites and the Brazilian company Algar Tech.

An IT company of the Algar Group, from Uberlândia (Minas Gerais), Algar Tech makes around 500 million reais in annual revenues. It was already present outside of Brazil with subsidiaries in Argentina

and Chile, but is accelerating its internationalization in the region via Medellin. “We didn’t come just because the country has an open market”, said Carlos Maurício Ferreira, general manager for Latin America. “We came due to the country’s vision,

the vision of the city developed by the Colombians”. Inaugurated in May in the building of Ruta N, the Colombian Algar Tech already provides IT infrastructure and business software services to four multinational clients — one Brazilian and three US. In the 45-person team, only 2 are Brazilians. “We are global

**1** Route N in Medellin: the force of a vision

**2** Ferreira, from Algar Tech: “Local company”

**3** TOTVS in Bogota: follow the client

suppliers”, says Ferreira. “But we want to be a local company in each place”.

Another two Brazilian IT and outsourcing companies are in Colombia, the giants Stefanini and TOTVS. The fourth most internationalized Brazilian company, as per the Fundação Dom Cabral ranking, Stefanini operates in 33 countries and posted 2013 revenues of 2.11 billion reais, of which 40% abroad and 9% in Latin America (the company doesn't disclose the per country breakdown). Its core business is management of IT applications and infrastructure for clients. In Colombia since 2011, the local Stefanini grew 38% in 2013 and expects to grow over 30% this year. “There are opportunities to increase presence in large banks and strengthen the services that we provide to Colombian telecom operators”, said Marcelo Ciasca, Latin American CEO.

TOTVS, market leader in Brazil and in Latin America in software



## Strong private initiative: ban on state intervention

for business management systems, started to go international 17 years ago, and also operates in dozens

of countries and has built two solid Latin American hubs in Argentina and Mexico, with almost 300 clients each. “During times of Brazilian GDP growth of 0.8% or lower, I believe in internationalization as the main driver of the competitiveness of Brazil-

### THE CITY THAT TURNED THINGS AROUND

**IN** A survey taken this year with 2,000 executives in 32 countries by Indra, the giant Spanish IT group, Medellin and Santiago (Chile) were signaled as the best Latin American cities to live in. Santiago isn't a surprise, as Chile has been first-in-class in almost everything for a long time now. But Medellin? Yes. They tie in the perception of good public services, in the parameters of sustainable development and in the use of technology in the public administration.

To rid itself of the old image of a lawless land, dominated by narcotraffic until almost the turn of the century, Medellin first set about

transforming its poor neighborhoods, where organized crime dominated the working population. In the biggest of them, Santo Domingo, on the slopes of the cordilleras, they built equipment such as schools, health posts and UPPs and gave out property title deeds to those living there. And they built a comfortable cable car which in 12 minutes links the top of the hill to the metro station in the valley. The Spanish government donated a modern library, inaugurated personally by then king Juan Carlos. Santo Domingo provided the tone of change in the city.

Medellin was always beautiful, due to its geography, but today it

is pleasant, clean, with most of the electrical wires buried underground, without the holes in the pavement seen in Bogota or São Paulo. There are modern hotels and high-cuisine restaurants, such as In Situ, a wooden/glass box in the middle of the sumptuous vegetation of the Botanical Gardens. The only metro line cuts the valley from North to South, partly at a raised level, and the metro stations offer new books for free that, in theory, should be returned after being read. Only 12% are returned, but vice-mayor Felipe Hoyos thinks it's a good thing: “People having books at home is a positive”.



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1

- 1 Medellín at night: the best alongside Santiago
- 2 In Santo Domingo, cable car removed the “narcos”
- 3 Restaurant in Botanical Garden: this is living!

had another motivation: following globalized Brazilian clients such as OAS and Odebrecht Agro and reaping new opportunities in a growth market. The Colombian TOTVS grew 50% last year and expects to maintain this pace in the coming years. Cysneiros likes the Colombi-

## The peace accords have already ensured excess money for infrastructure

leras that run from North to South, which has always obstructed the construction of good highways. But the main problem was the historical lack of cash for roads, highways, ports and airports, since much of the national budget went to the Armed Forces to combat narcotraffic and guerrillas. With these problems now under control, the money has started to appear and some of Brazil’s major construction companies are leading players in this construction boom.

Odebrecht, with works in 26 countries, made the first highway in Colombia in 1992. Now, it is leading the Ruta del Sol consortium with a 66% stake. The project involves modernizing the country’s age-old master highway and constructing a

ian companies”, said the director of international market operations of TOTVS, Álvaro Cysneiros. “Going international is essential in order to learn practices, cultures and continue being the best on your own turf”. With an eye on innovation, the company opened a unit in Silicon Valley in California. But its decision to touch down in Colombia

an model: “The bases of the private initiative are very strong, no-one accepts State intervention”, he says. “But the partnership model between society, companies and the State is worth being copied, and the country is a construction site to eliminate infrastructure delays”.

The country’s geography is tormented by the three Andean cordil-



2 3

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## THE ROAD WHERE GDP PASSES

**RUTA DEL Sol** is a 2.4 billion dollar project, directly or indirectly employing over 4,000 workers. Odebrecht received the concession for the central stretch of 528km, between Puerto Salgar, to the South, and San Roque, in the North. But the total stretch from North Bogota to the Caribbean coast is just over 1,000km.

The effect of the new highway, 40% ready, is already visible throughout the route. In Aguachica, a city of 100,000 inhabitants near the border with Venezuela, the three stores and motorbike workstations 2 years ago now total 12. The handful of mini-markets has multiplied, but over the next few months they will face com-

petition from a store of the giant Colombian supermarket chain Olímpica, in conclusion phase.

Out of the thousands of workers and engineers there are only 30 Brazilians and a dozen of other Latin Americans, mainly Peruvians, including the engineer leading the construction, Ricardo Paredes, with 8 years of experience in works in the Andean region. “Our mission is to build the road with workers from the region”, he says. The Brazilians are imported for specific missions, such as maintenance work on the 400 heavy machines and 620 trucks. For the locals, many without prior experience, the company offers training programs. The Colombian version of the

Believe Project, which Odebrecht runs to qualify and certify labor, is called Creer. It also offers talks in self-esteem, considered essential to avoid accidents. At the end of the afternoon, at the central campsite, our reporter witnessed the ex-priest José Geraldo Ferreira (Minas Gerais), psychologist, preaching to a group of Colombian workers: “If our self-esteem is low, our performance in life will be low”. The chief-engineer Paredes took the microphone and gave his contribution: “A gift of great value that we can give our children is the confidence that we have in ourselves, it is to go home after work and be able to embrace our family”.

Building Ruta del Sol poses

1



1 Completed stretch of Ruta del Sol: GDP passes through here

2 Martorelli signals opportunities to grow

technical and political problems – the former are easier to resolve. The works pass through long stretches of soggy clay soil and this is resolved with the region’s abundance of limestone, which dries the bottom of the riverbed, and of stone, which stabilizes the base. A more complicated process has been facing the ire of some groups that see the road passing outside villages, as the government project requires, when they previously crossed through them, bringing some commercial activity with them. There are negotiations when protests and road blocks occur, and the government ends up authorizing counter-concessions such as accesses or overways not foreseen in the original contract. Sometimes, the dwellers, who end up getting their point across, demand a new church or a new school in the village.

Odebrecht arrived in Colombia in 1992, constructing pumping stations for British Petroleum. “Colombia has taken things to the next level because it decided to face its problems, including an infrastructure deficit”, said the engineer Eleuberto Martorelli, president of the Colombian subsidiary.

“To attract investors, Colombia offers a safe business environment, respect of contracts and credit facility”, he says. “The local banks are solid and have liquidity, we can finance our projects at great rates”. Martorelli heads up the company of a building that is also home to the local Braskem, next to the beautiful Calle 93 park in Bogota.

At the end of August, Martorelli celebrated another multi-million dollar contract - also related to the government’s infrastructure strategy - with his board. Together with the local group Valorcon, which has a 13% stake in the consortium, the Colombian Odebrecht will recover the navigability of the Magdalena River, which runs alongside Ruta del Sol to the ports of the Caribbean. Via this river, in the 16th century, the Spanish conquistadores entered in search of the mythical Eldorado. “Making the river navigable again will make the country more competitive”, says Martorelli, with the 1.25 billion dollar contract in his hands. The annual cargo flow capacity on the river will rise from 1.5 million to 6 million tons at the end of the works.

brand-new second lane (see page on left). Other Brazilian companies are also in Colombia. Camargo Corrêa, which built the Porce III hydroelectric plant, leads the consortium that is building, for the company EPM, the country’s largest hydroelectric plant, Ituango, 180km from Medellín. The project, on the Cauca River and in a mountainous region covered by forests, foresees total investments of 5.5 billion dollars. When it comes on-line, in four years, Ituango will generate 2,400 MW.

Andrade Gutierrez arrived in Colombia in 1991. It had concluded six projects, including a railroad and a 400-meter stayed bridge, before abandoning the country in 1999 after two engineers were kidnapped by the FARC and after 6 months of negotiations and ransom payments to free them. They returned 2 years ago. “But we should have gone back earlier”, says Portuguese engineer Bernardo Serafim (35), president of the Colombian subsidiary, with an eye on the new package of infrastructure works up for tender, especially the G4 highways.

Serafim praises the transparency of the tenders, but regrets that small-size local companies, which annual revenues of less than 100 million dollars, win projects worth 2.5 billion dollars. “It is a risk in terms of financing and execution capacity”, he says. At any rate, he says, the company considers Colombia to be a target market, “thanks to strong demand, the good business environment and resources capacity”. Andrade Gutierrez has done consulting work for the government whilst positioning itself in the bidding for works in the areas of oil and gas, transport infrastructure and



MARCO ANTONIO DE REZENDE

## BRING YOUR MONEY HERE

**POSITIVE INDICATORS**, innovation, market opening, works and growth are the Colombian recipe to attract investments, says the Minister of Trade, Industry and Tourism, Cecilia Álvarez.

### **If I am international investor why should I take my dollars to Colombia and not, for example, to Mexico, Chile or Brazil?**

What a doubt! Colombia was the world's second highest growth economy in the first quarter of 2014, after China, and at the end of August its annual GDP growth estimate was raised to 5% — more than any other neighboring country, including Peru, which is now in a turnaround process, and Brazil, with two negative quarters. Colombia offers great opportunities, due to its macroeconomic indicators and major projects underway — the biggest in the world in infrastructure. We are looking at 25 billion dollars that are being invested in highways, railroads and ports. And we shouldn't forget the rectification and improvements in the Magdalena River channel, a project worth 2.5 billion reais, awarded to the large Brazilian player Odebrecht. I had the privilege to work with Odebrecht for 2 years, when I was Transport Minister, and I must take my hat off to their work in executing projects and as a concessionaire. I can guarantee that this opinion is shared by President Santos, who told me of his delight when he learned that the company won the bid for the Magdalena River project.

**What is the most concrete thing that Colombia offers the companies looking to invest there?**

Colombia currently has 14 free trade agreements, which represents the possibility of taking its products to a market of 1.5 billion people. We are also investing in civil construction — 3 billion dollars in homes for the low-income population — and education. In 20 years' time, we want Colombia to have a population with the best schooling levels in the hemisphere. The peace treaties will maintain this growth rate.

**The wellbeing in Bogota, Medellin or Cali has yet to be repeated in the interior of the country, with a massive contrast between rich and poor. And pacification still isn't 100% concluded.**

The recent evolution of the Gini index shows that social inequality is declining. The stated objectives of our government are peace, social equality and education. All the ongoing projects have this purpose. In recent years, we took 4.5 million Colombians off the poverty line and poverty in general has fallen. This gives confidence to foreign investors, as does the end of the control of part of the population by the guerrilla. Since 2002 we have been making progress in the pacification process. The companies that came to Colombia have not faced these problems and if they do, they know that all they need to do is make a phone call to receive all the help of the government.

**Industry is losing importance in Brazil, due to a lack of competitiveness, low productivity and all kinds of obstacles. What is the**

**situation of Colombian industry?**

There is a mutual commitment between industry and government in our country. Industry must innovate and the government must do its part to help and not hinder. An example: the company that compiled printed telephone number lists had to reinvent itself. Google ensured that. Companies must be competitive and the government has the obligation to help them. My mission at the ministry is to help industry follow the path of innovation. In this respect, we also receive the help of Colciencias, a government agency dedicated to supporting the development of research, technology and innovation.

**In which sectors, in your opinion, are the biggest opportunities for Brazilian companies in Colombia?**

In all areas: energy, apparel industry, manufacturing in general, infrastructure, tourism, services... All you have to do is choose, the opportunities are out there. Legislation has changed a lot to favor the success of public-private partnerships. It is time to invest here.



energy. “We will have a very good 10-year period in this country”, says Serafim.

Several Brazilian companies have set up shop in Colombia with franchises, including the car rental company Localiza, Chilli Beans, the bookstore Nobel, the Wizard language course school and shoe stores such as Via Uno and Carmen Steffens. Larger groups, with a longer presence in the country, have made new investments. Petrobrás, which started its internationalization in Colombia in 1972, bought the Shell gas station chain for 140 million dollars in 2004 and now runs the largest gas station chain

## Boticário disputes local market worth 4 billion dollars with Natura

in the country, as well as exploring deep-water wells on the coast of the Caribbean. Gerdau, which 10 years ago took control of the plants of the Diaco group, invested 600 million dollars in expansion and modernization. And Votorantim continues modernizing its Paz del Rio plant, acquired 8 years ago for 361 million dollars in a move that marked the start of the internationalization of the group’s steel division.

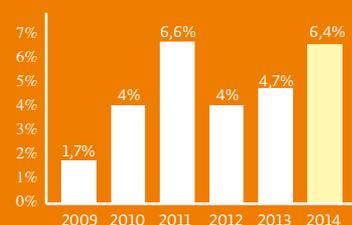
The company – created by the State in 1946 to explore the neighboring coal, iron and limestone mines and create jobs in a poor region – was bankrupt and had been donated to its employees. As the plant modernized and became viable, its headcount shrunk considerably, from almost 8,000 to 1,700 workers. 214 million dollars were invested in technological modern-

ization, social projects and environmental actions – a single smoke screen cost 29 million dollars. Paz del Rio has a partnership with universities to train and qualify technicians and also finances basic education schools in the community.

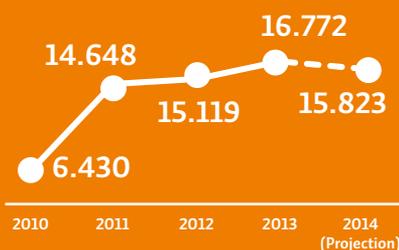
Colombia’s affluence has sped up the process of seducing Brazilian companies. Natura, present there for the last 7 years, considers Colombia one of the main Latin American markets, alongside Argentina and Mexico. “The constant growth of the economy strengthens the prospects of Natura in the country”, said the vice-president of international operations, Erasmo Toledo. “We already have 50,000 consultants and 15% of the products sold in the country are produced locally”. The international operations of Natura represent 18.1% of global net revenues and have been growing 40% p.a. since 2009.

At the end of August, it was the turn of another heavyweight in perfumes and cosmetics, O Boticário, to touch down in Colombia to contest a piece of the rich 4 billion dollar market. According to Andrés Giraldo Torres, director of the operation, the plan is to post annual revenues of 90 million dollars in 2016, when the chain of 100 stores to be opened over the next 5 years will already be up and running. Growth in civil construction (16.2% in the second quarter of 2014) has been a blessing for Duratex, which 2 years ago bought its first stake in the local MDF slab/plate producer Tablemac (so far, it has kept the brand name). “Duratex was born 60 years ago to export”, said Antonio Joaquim de Oliveira, CEO. “But today we have a hard time supplying the local Brazilian

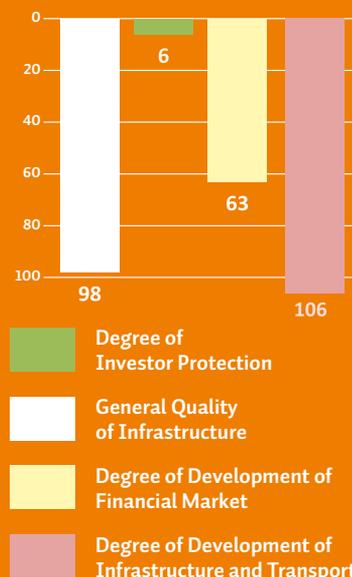
### GDP GROWTH



### DIRECT FOREIGN INVESTMENT



### SCENARIO OF OPPORTUNITIES\*



\*In this ranking of 120 nations, by the World Bank, Colombia ranks at the top (6th) in investor protection and in the middle (63rd) in financial market development. But it is one of the last (106th) in infrastructure, showing the size of the opportunities for the homebuilders there.

market; and it's also tough growing where you are already market leader". It was thus with an eye to growth that Duratex identified in Colombia a market with good potential. Last year, the company already had 35% of Tablemac and, in January 2014, it achieved an 83% stake via a public offer. It has four factories, which annually produce 200,00m<sup>3</sup> of panels for furniture and civil construction.

Duratex has only one expatriate in its central offices in Medellin, financial director Rodrigo Delbem.

attracting investments and the trick for multinationals looking to touch down in the country is provided by Proexport, a type of mega-Apex with offices in 30 countries. Proexport establishes connections, offers information, signals the financing paths and helps to obtain protection in the innumerable free trade zones, if the case. There is even the possibility of setting up shop in the country as a unibusness free trade zone – if production is intended for exports, both the raw materials that arrive and the products that leave

Pegatex, by buying a 55% stake.

As well as Proexport, there are also local agencies for attracting investments, such as Invest Bogota, the Cooperation and Investment Agency in Medellin and Invest Pacific, in Cali, which all intensely promote the positive local attributes. Although Bogota enjoys the strength of being the capital city and producing in its macroregion almost 25% of national GDP, Cali, the capital of the Valle del Cauca region, offers the attraction of being close to the Port of Buenaventura, 115km

1



HANDOUT/ROTCARIO



All the other employees, around 1,000 people, are Colombians. Like all Brazilians who invest there, Oliveira praises the commitment, amiability and good education of Colombians. But he really took a liking to the bureaucratic simplicity. "When I arrived, I asked to see the fiscal sector and they showed me 2 employees in a room". "In Brazil, we have at least 200 people to deal with the multiple tax requirements of the Revenue Service".

Colombia has an active policy of

receive tax benefits (but it is also possible to "export" to the local market, at a different tax bracket). When it arrived in Colombia in 2004, Rio Grande do Sul company Artecola – 9<sup>th</sup> in the Fundação Dom Cabral ranking of Brazilian multinationals and Latin American leader in adhesives, laminates and engineered plastics – bought a local company and obtained the benefit of the unibusness free trade zone. Last year, it took control of the largest Colombian adhesives company,

from the Pacific Coast. Unilever's largest plant in Latin America was opened in Cali, which is also home to Brazil's OrtoBrás and Furukawa. OrtoBrás makes wheelchairs and equipment for the disabled and invested 5 million dollars in a plant with 50 employees. This year, Furukawa also opened a 5 million dollar plant to produce fiber-optic cables.

At the reception organized at the residency of the Brazilian embassy to celebrate September 7, the guests received green-yellow tapes

upon arriving and, upon leaving, a gift bag with Havaianas flip-flops. In the gift raffle, the Chilean ambassador won a basket of O Boticário products. In the festive atmosphere, a foreign economist, who works for a multinational consultancy, told PIB that not everything is rosy and that there's still a lot of work to do. "Even the free-trade accords can be bad, given the lack of infrastructure", he says. "A Mazda plant was recently transferred to Mexico, where production costs are lower, to export back to Colombia".



HANDOUT



HANDOUT/PAZ DEL RIO

3

Another weakness that he signals is the excessive GDP dependency on oil and gas exports, subjecting the country to the mood swings of international prices.

In the opinion of another international executive, Italy's Matteo Cera, who spent 3 years working at the bank Morgan Stanley in London and was a consultant of McKinsey in the area of oil, what really matters is the virtuous trend of the Colombian economy, political stability and improved safety. Cera married

a Colombian, decided to set up his own business and, with an investment of 75,000 dollars, launched a start-up in Bogota to offer home-help services online. To open the company, all he needed was a bank account, signed articles of incorporation and one day to register his company at the trade board. "Colombia today reminds me of Italy in the 1960s, after exiting poverty and the war". "My father told me of his joy in buying his first fridge and first TV". Today, Colombians want to

visit Miami and not be viewed with an air of distrust, says Cera. "They want to show off their passport and credit cards with pride".

- 1** Bogota: the first of O Boticário's 100 stores
- 2** Tablemac (Duratex) stand at fair
- 3** Paz del Rio, Votorantim's plant in Colombia



## Foreign trade needs a single body in charge

*Industrial and commercial exporters are a dispersed group which has to deal with many intermediaries and faces difficulties in defending its legitimate interests*

RUBENS BARBOSA\*

**T**he trade balance results for the first half of this year have increased the concern of business leaders facing difficulties that the government should adopt measures to strengthen Brazil's exports to take on the tough dispute for the international market, particularly manufactured products.

The outlook is horrible: the trade balance is shrinking year after year; the export prices index fell by 2.1% in July compared with the same month of 2013 and the terms of trade were lower in all comparisons with the same period of 2013; industrial exports continued to decline in 2014 and could lead to a trade deficit of more than US\$ 105 billion while

manufacturing had its worst performance in many years; the percentage of imported industrial products of total domestic consumption continues to increase (21.8%); capital goods imports slumped by 10.3%; car exports to Argentina plunged by 34% and Brazilian exports to this market were 20% lower. High technology products currently rep-



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resent less than 5% of exports and the risk of non-payment by Argentina and Venezuela for exports has risen. The trade deficits with the United States and Europe have risen by around US\$ 7 billion and US\$ 2.5 billion, respectively. The European Union has also suspended its favorable import duties on Brazil within the voluntary General Preference Scheme, the SGP.

One of the main causes of this situation is the loss of Brazil's foreign competitiveness. It is not our intention here to examine the negative impact of the currency appreciation or China's aggressiveness in promoting its industrial products or the infrastructure bottlenecks, worsened by the lack of investment. Nor is it our intention to speculate on the outlook and uncertainty of the global economy and the growth of world trade, or the cooling of the Brazilian economy and its effects on exports.

The "Brazil cost", that includes taxes, social and labor charges, logistical costs, interest rates, bureaucracy and energy, represents over 35%

## The sector must be a topic for discussion in the electoral campaign

of the end price of Brazilian exports. Removing its negative effects on exports depends, to a great extent, on government actions. Promises have been made to simplify the import and export processes and make

them less bureaucratic and they are very welcome. What draws attention in the economic debate in the current presidential electoral campaign are the proposals by the candidates aimed at increasing competitiveness and cutting or eliminating the internal barriers to the expansion of foreign trade.

The Brazilian government is slow and fearful in supporting exporters. Examples of this were the latest measures to encourage foreign trade. In terms of international negotiations, a new strategy will have to be defined and

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*Rubens Barbosa, former ambassador to the USA, is president of the Foreign Trade Council of Fiesp*

executed, giving priority to negotiating free trade agreements (FTA) with important partners. There are around 500 FTAs registered at the World Trade Organization (WTO), of which more than 100 have been negotiated in the last decade. Brazil was on the sidelines of this process. It has concluded only one agreement that has been ratified, with Israel, and others with Egypt and the Palestinian Authority that have not yet been ratified.

Exports were the drivers of the economy until recently. Their dynamism needs to be recharged if Brazil is to start growing again at higher rates and give businesses access to new technologies and pursue innovation to expand and diversify the space available for Brazilian products on the world market.

Foreign trade does not have a pressure group lobbying for it, such as the Febraban federation in the financial sector and the Agricultural Ministry and other associations and institutions in the agricultural area

## Foreign trade has no pressure group representing it to the authorities

which defend the interests of the financial organizations and farmers in their dealings with the government and Congress. Exporters are a dispersed group and have to deal with many intermediaries (Finance Ministry, Ministry of Industry, Development and Foreign Trade - MIDC, Central Bank, Federal Revenue, Foreign Ministry - Itamaraty, Agricultural Ministry and the national development bank, the BNDES, to mention the most important). Busi-

ness leaders in the industrial and foreign trade sectors have difficulty in defending their legitimate interests efficiently. There are around 20 public bodies that interfere in the foreign trade decision process and around 3,000 rules, regulations, laws and constitutional edicts that have to be followed.

The Foreign Trade Chamber (Camex), a collegiate body with the task of coordinating the different federal government bodies that look after the foreign trade policy, has no political weight to exercise this role to the full. Although it is headed by the Ministry of Development, Industry and Foreign Trade, the bureaucratic structure of the Camex must be altered to expand the coordination between the bodies involved in the decision-making process and influence the forming and execution of foreign trade policies.

Brazil needs a new institutional structure for its foreign trade that is capable of coordinating a new external business strategy. The aim is not to create any new bureaucracies but to strengthen the export trade under a single command, favoring coordination in the government sphere and creating a full-time support mechanism to act in defense of the interests of the private sector.

The responsibilities of a restructured Camex would be: to command and coordinate the different bodies that interfere in foreign trade; formulate foreign trade policies in coordination with the bodies that are responsible for the area; and coordinate and undertake measures to expand exports and imports and provide guidelines for the export financing and insurance policy. By



exercising all these responsibilities, the Camex would become the focal point of the foreign trade decision-making process and interface with the private sector.

The Foreign Trade Council (Coscex) of the São Paulo Industrial Federation (Fiesp), the National Industrial Confederation, Fiesp and the association of Brazilian exporters are putting forward different solutions to strengthen the Camex.



The simplest formula, which creates no new body, comes from the Coscex and is to alter the current structure and create the function of a Camex president who would be outside the MIDC but with a direct link to the President. At the same time, a wide-ranging reform of the national customs system has been proposed, along with the consolidation of thousands of legal acts and norms to facilitate activities linked

to foreign trade.

The private sector should take advantage of the presidential election campaign to highlight its dissatisfaction with the current policies for the sector. It is important that foreign trade be one of the issues for discussion in the presidential campaign, due to its importance for growth and job creation. Against this backdrop, the question of strengthening the Camex and

the trade negotiations agenda, two of business leaders' main priorities would certainly gain greater space and attention.

Santos:  
pursuing  
lost  
efficiency

## Fresh environments, heated sales

*Innovative technology for acclimatizing areas opens doors to the international market for a producer from southern Brazil*

ANTONIO CARLOS SANTOMAURO

**N**ecessity might be the mother of invention, as the old saying goes, but in the specific case of the southern Brazilian company Joape the creativity that leveraged the business – including shifting operations to other activities areas – had a paternal origin. The man behind the sudden change in direction was a small businessman called Guilherme dos Santos, the father of João, Ana and Pedro, whose initials led to the name of the company founded 20 years ago. The patriarch was a talented inventor and came up with a solution to his children's needs by developing a piece of equipment that could lower the very hot temperatures in its industrial shed in Santo Antônio da Patrulha, 82 kilometers from Porto Alegre. This was where they produced equipment for commercial establishments, such as signaling material and shelves. "The heat was terrible. During the summer, the thermometer registered 47o C on the plant floor and 67o C on the roof where you could even fry eggs," recalled João Henrique Schmidt dos Santos, the Jô of Joape.

Relief came in 2001, accompanied by some original touches. Guilherme put into practice an acclimatization project that was different from those adopted by conventional humidifiers that used fans to drive the evaporated water inside the equipment to the surrounding area. Under his system, the water passes across a disc that rotates at very high speed and is centrifuged in the form of droplets which evap-

### Success of acclimatizers, created for own use, led to a change of area

orate almost instantly.

João originally built 12 pieces of equipment developed by his father purely to cool down the family company's premises. However, it did not take long for the invention to draw the attention and interest of friends and clients and orders exceeded 300 units just over a year later. The result was that in 2003, the sales point items for commer-



cial establishments disappeared and gave way to the acclimatizers. "Our appliances are perfect for open, wide areas and are used a lot in events, restaurants, tourist points where there is a great flow of people, industry, commercial areas, and also in homes in smaller versions," he said.

In that same year, the "misting fan system" technology was patented in Brazil. Its rights are also now protected in the United States and Mexico. Production became more diverse and gained scale. The catalogue has 11 models and the company distributes 3,000 pieces of equipment every month to the domestic market and more than 30



Thinking big:  
João wants  
to quintuple  
revenues by  
the end of  
the decade

countries abroad, including France, Spain, Portugal, Colombia and Chile, as well as the US and Canada. Sales are doing well and revenues are expected to amount to R\$ 20 million this year, 43% more than in 2013. “A large part of this expansion will arise from business abroad. The seasonal climatic factors in Brazil reduce our sales a lot during the winter,” said João.

Exports account for 8% of total revenues. More than half of this amount comes from the North American market. This was the reason why the foreign sales manager, Lucas Pohlmann, who has held the position for nine years, moved from Rio Grande do Sul state to Florida in April. He is based in Miami where Joape used a business center and a warehouse provided for Brazilian

companies by the Brazilian Trade and Investment Promotion Agency,

## Exports should jump from 8% to 10% of total revenues this year

Apex-Brasil. It now only uses the warehouse.

Pohlmann believes the United States could create even more business for Joape as the company’s distributors still only cover just over half of the 50 states in the US. Besides this, the company’s physical presence in that market will allow it to take better advantage of the opportunities at regional level.

“People in the south, for example, are strongly influenced by Mexico and business is integrated to this market. The same thing happens in the north, only with Canada. The fact that we are now in the United States facilitates our presence in Canada and Mexico.”

The first international shipments of acclimatizers occurred eight years ago, following an order from a client in Paraguay. Further orders came from other countries shortly afterwards. The company was elated and decided to obtain advice from Apex. It now takes part in a program to develop business abroad that is run by APEX in partnership with the Brazilian Refrigeration, Air Con-

## Small but outstanding

YOU DON'T NEED TO BE BIG TO GO INTERNATIONAL



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ditioning, Ventilation and Heating Association (local acronym Abrava).

The company's cross-border business agenda includes taking part in a number of international trade fairs directed at the acclimatization industry or sectors that require its equipment. The list includes bars and restaurants, events and animal breeding establishments. The task of prospecting for business is bringing good results. "In France, we have a distributor that operates a lot with stores selling decorative items. One of the focal points in Portugal is tourism, in establishments like hotels and restaurants," said Pohlmann.

Joape not only uses its patented technology in the dispute for new business abroad but also gained a victory in terms of sustainability at the beginning of last year at the ARH Expo trade fair for the acclimatization sector held in New York. This was the Green Seal award for products that consume lower energy than air conditioners and reuse water. This recognition promises

to be transformed into revenues in the near future. "Many plants in the United States want to use our technology but we are only listening to proposals for the time being," he added.

The innovation and creativity that lies within the DNA of its controllers led the company to enter a new market niche six years ago when it launched an electrically-powered vehicle for individual travel called the Speedy. It is a version from southern Brazil of those mo-

## Green Seal awakened interest of producers in the United States

torized scooters commonly used by security services in shopping centers and large corporate areas. João admits that the project has still not taken off, due to the price but he says the Speedy will be re-launched



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at much lower prices next year.

A more promising prospect to offset this appeared in the first two-month period of the year at the Joape headquarters in Santo Antônio da Patrulha which has almost 100 employees. This is an acclimatizer made with used tires. The idea came, of course, from Guilherme who leads the company's research and development team which has a track record of more than 200 patented devices. These include not only the acclimatization system but a horizontal refrigerator and a valve for fuel tanks that is now



**1 Indoor freshness:** acclimatizer at a gym in France

**2 Sustainable creativity:** model with the structure of a tire

**3 Challenge:** Joape is promising to cut the price of its Speedy device

**4 Open air:** appliances installed in restaurant in Florida



obligatory in gas filling stations of Rio Grande do Sul state.

The patriarch noticed that a tire on one of the fleet's cars had a cut in it that it could not be repaired although the tire itself was still in good state. He found a good, cheap and 100% sustainable solution. "We know that tire disposal is a serious environmental problem and thought of creating something different and innovative. We adapted the structure of the acclimatizer and the result was fantastic," said João who helped his father in the project.

He is optimistic and pinning his hopes on business heating up on the domestic and international fronts. He said the domestic growth potential was one of the most promising, as his 12 distributors and retailers cover only half of Brazil's territory adequately. Besides optimizing the sales channels, the company's strategy foresees leveraging sales in the

domestic segment, which currently have a share of 25% and lag behind the industrial (40%) and commercial segments (35%). "This market share is more subject to seasonal climatic factors but the prospects are enormous," said João.

Pohlmann believes the international market will already start accounting for around 10% of revenues this year and the goal is to raise its share to 15% or 16% by the end of the decade. To comply with the company's established plan, Joape

## Domestic segment has greatest potential for expansion

has been working intensely in cutting costs, a process that includes negotiating bigger volumes with suppliers and rationalizing production. "We have obtained interesting results in these areas this year. As a

result, we can now make orders on a much larger scale."

Brazil's well-known logistical difficulties are the main challenge the company faces today. To prevent delays in port operations, it sometimes sends the products by air instead of ship. "Air shipments are 30% more expensive but are vital to maintain the client's satisfaction and make our relationship closer," said Pohlmann.

Another more structural obstacle is the lack of capital to expand installed capacity. João says that Joape could quintuple its revenues in three years if it had more resources. Some investment funds have shown interest in acquiring equity stakes in the business but these are currently only at the discussion stage. However, he will not give up. "Even without contributions from third parties, I intend having revenues of R\$ 100 million within five years," he pledged.

# Small but outstanding

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

## Global hammocks

People selling hammocks are found everywhere on the beaches of Brazil's Northeast but they rarely manage to expand their business beyond the sand. One exception is Redes Isaac from Fortaleza, a company that began to win over the world 29 years ago at a local handicrafts fair. Its products appealed to foreigners so much that when the tourists left, they took growing numbers of hammocks with them and even sold them at home. Small-scale exports soon attracted the attention of distributors. The result is that 50,000 hammocks are now produced a year, most of which are sent to 20 countries, including the US, France and Italy. A diversified portfolio ensured revenues of US\$ 250,000 in the US and 500,000 euros in Europe in 2013. The sales were once higher, said the founder, Antônio José Carvalho de Vasconcelos, but fell as a result of the tougher competition and Brazil's lack of enthusiasm for foreign trade agreements. "We are taxed at a rate of 10% in Europe while Colombian hammocks are not taxed at all. However, I have already noticed a recovery in sales which should expand by up to 25% this year," he said.



## Important endorsement

There is nothing like treating clients well, particularly the big ones. After opening an office in the US in January, Raumak, a manufacturer of equipment for the packing and handling of products, from Santa Catarina state, is receiving backing from multinationals to win room on the new front. "Companies with which we have already worked in other countries – such as Unilever, P&G, Mars and General Mills – are helping us to create business opportunities there," said CEO Raulino Kreis Junior who set up the office in Atlanta, Georgia. "The location is ideal as it allows



us to serve Mexico and Canada as well." The North American market accounts for 10% of the international sales of the company that exports around 45% of its production. Now, with four professionals in the technical and commercial area located in the US, and the endorsement of these companies, the sky is the limit. "We had revenues of R\$ 40 million in 2013 and expect an increase of 10% this year, mainly due to the expansion of the international market," said Kreis.

**1** Trade balance:  
Isaac hammocks  
are exported to  
20 countries

**2** Two in one:  
skate with  
Movpack  
backpack

**3** Raemark  
machine: the  
clients do the  
advertising

## Speaking the client's language

Shopfísio's export sales currently amount to a mere 2% of the total but should expand sharply by the end of next year. Andrian Nucci, the CEO of the e-commerce store that specializes in beauty, physiotherapy, fitness and health products, dreams of between 10% and 15%. He says the target is perfectly viable as his site, that is currently available only in Portuguese, will have versions in English and Spanish in the coming months. Even with just one language, the company is already exporting to countries, such as the US, Angola, Portugal, Japan and Belgium. The main items on the export list are electro-electronic equipment for physiotherapy, rehabilitation and esthetic medicine. The price per unit is usually more than R\$ 1,000 and can reach up to R\$ 50,000. Shopfísio is based in Mogi Guaçu (São Paulo state) and was founded in 2005 by Nucci, who had already operated in this area. It had revenues of R\$ 30 million last year which should rise to R\$ 40 million this year. The company has 80 employees and is also preparing to open physical stores – the first in São Paulo this September. "We are also launching three virtual stores which are more segmented: Shopestética, Shopmedicina and Shopveterinária," said Nucci.

## Backpack on wheels

The Kickstarter site is where Movpack intends earning the US\$ 100,000 it needs to begin production of its motorized skate that transforms itself into a backpack. The startup is currently located at the Bahia Technology Park and has already set up an office in Reno, in the United States, where it intends transferring its head office. "From the point of view of urban infrastructure and public transport, the US and Europe are markets where our product will have the best conditions to adapt," said Movpack co-founder Hugo Dourado



## On the way to the Pacific

Chile is the latest market for Brazilian melons that are already exported to more than 20 countries. Although Chile has a lower consumption power, this development promises to raise the value of the Brazilian product in the eyes of the world. The reason is because Chile, which previously only imported melons from the US and neighboring Peru, is recognized for its strict sanitary standards. "Other South American countries that do not maintain their own control systems generally use Chile as a benchmark," said José Ferreira de Mello Neto, superintendent of the Brazilian Support Service for Micro and Small Companies (Sebrae) in Rio Grande do Norte state. The state has been the domestic leader in the area for more than 10 years and has a Sebrae program directed at growing melons. The initiative currently brings together around 20 producers, most of whom are small. The work has literally borne good fruit. Exports from the state came to US\$ 58.2 million last year, 7.6% more than in 2013. Furthermore, the melon producers from Mossoró, in the upstate area, received the Indication of Origin seal from the National Institute of Industrial Propriety (INPI) 12 months ago.



## G A S T R O N O M Y

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### The glory of Brazilian seasoning in Paris

**WHO IS** that Brazilian woman on the cover of the famous French gastronomic guide Gault et Millau? It's Alessandra Montagne, the wife of French chef Olivier Montagne whom she met just as she was about to return to Brazil from France. Alessandra, from the Vale do Jequitinhona region in Minas Gerais state, had gone to Paris to learn French but love led her to stay on and inspired the newlyweds to open a restaurant in a district off the beaten tourist track in the 13th Arrondissement, near Chinatown, at Porte d'Italie. The Montagne's place, called Tempero (the Portuguese word for seasoning), was chosen by the magazine to illustrate an article entitled "70 restaurants with a friendly price". The formula for success lies in tasty recipes, attractively presented and at a low price. The lunch-time entrée and main dish or the main dish and dessert cost 15 euros while all three cost 20 euros (a bargain by Paris standards). Examples of the dishes include salmon marinated in Japanese missohiro sauce, followed by pork comfit with vegetables and polenta. Or you can try cod cooked in celery cream and panacotta cooked cream with mango and passion fruit compote to finish. The restaurant has become such a success in just over a year that Alessandra and her husband have opened a second establishment - the Bistrot Tempero - with each looking after one place. Note that it is closed on Saturday and Sunday and only serves dinner on Thursday and Friday. [www.tempero.fr](http://www.tempero.fr)



## AIRPORTS

### São Paulo's Guarulhos begins to show a new face

THE CHANGES at the new Terminal 3 in São Paulo's Guarulhos International Airport look like something from the first world, a compliment Brazilians often make when impressed. The terminal is very good and highlights the advantages of privatization. It has plenty of space, architectural good taste, generous natural lighting, a calm flow of passengers in all areas and there is room for up to 34 planes on the runway at the same time. The feeling of order and tranquility contrasts with the suffocating atmosphere everywhere else, particularly at the arrivals area of terminals 1 and 2. There is a good area for stores and restaurants and a covered direct link to the garage building and the old terminals. Only three airlines were operating there until the World Cup but this rose to 13 by September. These include the elite airlines from the Middle East (Qatar, Emirates, Etihad and Turkish), Europe (Air France, KLM, Swiss, Lufthansa and TAP) and the Far East (Singapore and Air China). North America is represented by Air Canada and United. A new lounge for nine of the 12 Star Alliance companies that fly from Guarulhos was set up in the mezzanine of the shiny new terminal. The lounge is reserved for business and first class fliers and measures 1,350 m<sup>2</sup>. It has a view of the atrium and runways and offers passengers privacy, snacks, drinks and free wi-fi, as well as four suites with showers. Have a nice trip! [www.aeroporto-guarulhos.net/companhias-aereas-aeroporto-guarulhos](http://www.aeroporto-guarulhos.net/companhias-aereas-aeroporto-guarulhos)

1 Star Alliance Lounge at the new GRU: impressive

2 Alessandra and Olivier and the shrimps served at the "Temperô"

3 Hilton App: look at the room and then choose

## INTERNET

### Wifi in the clouds: how much does it cost?

THE TORMENT of having people chatting on mobile phones on board planes has not yet become reality but the Internet is already available in dozens of airlines. The quality of the signal still does not allow Skype to be used or heavy downloads and we are talking about basic surfing. The Danish travel site Momondo carried out a survey showing how some of the pioneers are handling charging for the inflight service. Companies like Turkish Airlines, Norwegian, JetBlue and SAS do not charge anything. While others, such as Singapore Airlines, Emirates and TAP, charge for the apparatus that is connected and by megabyte, American Airlines, Air Canada and Delta, charge by the day or minute. Check out this site for further information on how each airline charges. [www.momondo.com](http://www.momondo.com)

## HOTELS

### Hilton in the palm of your hand

A SURVEY made in the US by the Hilton chain (4,000 hotels with 11 brands in 80 countries), showed that 28% of guests are always disappointed with the location or kind of room they get. Furthermore, 84% would like to choose the room personally, getting rid of the current lottery-like system when the guest receives the key in the reception. Hilton's new app for smartphones is beginning to resolve the problem in an innovative way. Those who are registered (free of charge) in the HHonors loyalty program can choose their room from the eve of their arrival by looking at every floor plan and room availability (all with photos). The smartphone will also be able to be used to open the door of the chosen room from 2015 and guests outside the US will be able to check out digitally in 2016 (a service already available in the US) through their mobile phones. [www3.hilton.com/en/about/hilton/mobile.html](http://www3.hilton.com/en/about/hilton/mobile.html)



RANKING 2014

## The list of the best cities

THE ECONOMIST magazine, like every quality British institution, cultivates tradition with a pinch of insightful humor. Its Big Mac index to measure the cost of living worldwide based on the local price of a sandwich compared with the price in dollar in the US is one famous example. The magazine's Economist Intelligence Unit (EIU) has been producing lots of studies and rankings for years. The ranking of the best cities to live has a practical purpose as it helps expatriate executives to negotiate their remuneration related to the difficulties and risks of each place. Anyone being sent to Melbourne, in Australia, this year should be happy with what the company offers as the city has been ranked the best place in the world for the fourth consecutive year in almost all the categories, including public health, infrastructure and education. The murder rate in Melbourne is half of the world average. It earned 97.5 points for factors such as stability, culture and environment. The other nine cities are Vienna, capital of Austria, Vancouver and Toronto, in Canada, Adelaide, also in Australia, Calgary, again in Canada, Sydney (Australia), Helsinki, capital of Finland, and in 9th and 10th places Perth and Auckland, in Australia and New Zealand, respectively. On the other hand, the worst-ranked cities in the world to live in 2014 were Abidjan (Ivory Coast), Tripoli (Libya), Douala (Cameroon), Harare (Zimbabwe), Algiers (Algeria), Karachi (Pakistan), Lagos (Nigeria), Port Moresby (Papua Nova Guinea), Dhaka (Bangladesh) and Damascus (Syria).

[www.eiu.com/public/topical\\_report.aspx?campaignid=Liveability2014](http://www.eiu.com/public/topical_report.aspx?campaignid=Liveability2014)

ICONS

## New look for Novo Mundo Hotel

**THE NOVO** Mundo, one of Rio de Janeiro's most glamorous hotels in the past, is returning to center stage. The hotel, located on Flamengo beach, was opened in 1950 and, along with its neighbor, the Hotel Glória, was the right place for politics, business and pleasure in Rio which was Brazil's federal capital at that time. It is near the Catete Presidential Palace where Getúlio Vargas had just assumed office after being democratically elected. It was also where Pelé celebrated his 1,000th goal. The Novo Mundo, with its fine architecture, remains very well located between the city center and the southern zone, with splendid views of Botafogo bay and the Sugarloaf Mountain, known locally as the Pão de Açúcar. It is now attracting leisure and business travelers once again following a long restoration. The reception area and apartments have been upgraded, the Business Center expanded and wifi is available free of charge in all areas. The Panamera Bistrô on the 12th floor (with the famous view included in the menu) is expected to open shortly and be company for the traditional Flamboyant restaurant. What has not changed are the two lion sculptures at the entrance, created over a century ago by the French artist Henri Alfred Jacquemar (who also created the rhinoceros at the entrance to the Museu d'Orsay in Paris). They were part of a group of four created to adorn the entrances to the former Girls School (Colégio de Meninas) of the baroness of Geslin in Rio. The school and the baroness are long gone but the lions remain. [www.hotelnovomundo.com.br](http://www.hotelnovomundo.com.br)





1 DAVID ILIFF/WIREMEDIA COMMONS

2



## ART

### A museum to discover

DOES A business trip to New York need to be just about work, work and more work? Perhaps you should take some time off and discover a small museum that usually goes unnoticed between the giant Metropolitan and the attraction of the Museum of Modern Art (MoMA). We are talking about the Neue Galerie, at the corner of 5th Avenue and 86th Street, very close to the Met. It is completely dedicated to the production of German and Austrian painting and design from the beginning of the last century, a fabulous period that was marked by groups like Blaue Reiter, Die Bruck and Bauhaus and, in Vienna, by giants of design such as Michael Thonet, Otto Wagner and Adolf Loos. There will be a special attraction from October 9 to January 15: an unprecedented exhibition of portraits by the Austrian artist Egon Schiele, the first of this size outside Europe. Splendid stuff. It is worth checking out. [www.neuegalerie.org](http://www.neuegalerie.org)

1 Melbourne, 2014: world's best city

2 Novo Mundo hotel: a Rio icon is back

3 A 350: the latest jet is set to fly in Brazil

## PLANES

### Brand new Airbus 350 comes to Brazil

**AIRLINES WANT** planes that consume little fuel and arrive at their long distance destinations without stopovers while carrying lots of people in the most comfortable way possible. Passengers also generally want the same but, above all, they want comfort at low cost. Boeing has already met this wish (although rather late and with some technical problems) with the Boeing 787, otherwise known as the Dreamliner. (Ethiopian Airlines is the only other airline in Brazil to use it for the time being.) The A 350 is also made of composite materials that are lighter and should occupy the place of the A 330 as they also have only two turbines but can fly up to 400 passengers from one side of the world to the other. One of the five A 350s already built and still at the testing stage passed through São Paulo in August as part of the flights needed to obtain international certification. The Brazilian airline TAM will receive the first of the 27 it ordered by the end of 2015 while Azul, with an eye on the lucrative niche of the international routes, will receive the first of a series in 2017.

[www.airbus.com](http://www.airbus.com)

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# Globe-Trotter

EXPRESS TOURISM



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HERMINIA MOREIRA



# FLORENCE,

by Eva Perini

EVA PERINI was born in Lucca but came to Brazil when she was a girl and returned to Italy in the 1990s. In 2006, she set down roots in Florence about 60 kilometers from where she was born. The choice could not be more convenient. Besides being closer to her relatives and friends again, this Italian businesswoman, who manages industrial real estate and heads an investment fund in historic buildings, found fertile soil to further her studies in art and enhance her private collection with acquisitions. Besides this, she founded the Progetto Vitalità Onlus project ([www.progettovitalitaonlus.com](http://www.progettovitalitaonlus.com)) which is aimed at teaching art to students at fundamental level. Eva has made a personal tourist itinerary for PIB of this magnificent city which inspired Tsar Peter the Great at the beginning of the 18th century to build a new capital for Russia, Saint Petersburg.

**1** Landmark: Il Duomo dominates the scenery

**2** Tuscany turns into the sea: Neptune's Fountain

**3** Santa Maria Novella: Gothic and Renaissance's touches

**4** Floor of stars: Salvatore Ferragamo Museum



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## If you only have a few hours...

**FLORENCE IS** the capital of Tuscany and has just over 370,000 inhabitants and covers around 100 square kilometers. Pedestrians reign almost absolutely in the beautiful central streets which is where we will begin our exploratory mission of this Mecca of the Renaissance. The Santa Maria Novella square is located next to the Grandi Stazioni railroad station and is dominated by the basilica of the same name ([www.chiesasantamarianovella.it](http://www.chiesasantamarianovella.it)). This church, which was built between 1245 and 1470, combines Gothic and Renaissance elements and contains works by masters such as Giotto di Bondone, Sandro Botticelli and Giorgio Vasari. The second stopping point on the route is the Palazzo Strozzi, one of the highlights of Florence's Renaissance architecture. It was built be-

tween 1489 and 1538 and belonged to the Strozzi family, the historic rivals of the famous Medici. It is now occupied by the Palazzo Strozzi Foundation ([www.palazzostrozzi.org](http://www.palazzostrozzi.org)) and the Strozzi Contemporary Culture Center ([www.strozzina.org](http://www.strozzina.org)), both of which are benchmarks in collections and examples of Renaissance and contemporary art.

**THE BEST** suggestion for shopping is a walk in the Via Tornabuoni, a corridor right in the center where you will find a concentration of Italian and European luxury brand stores. At the end of the street, in front of the River Arno, is the Palazzo Spini Feroni, the headquarters of Salvatore Ferragamo, the label found on some of the world's most desirable shoes. It was built in the 18th century by the

merchant Geri Spini, and houses the chain's central store and the Museo Ferragamo ([www.museoferragamo.it](http://www.museoferragamo.it)). This museum has a collection of 13,000 shoes produced between the 1920s and 1960s, the year in which the founder of the brand, Don Salvatore, died.

**HAS THE** walk made you a little hungry and thirsty? Take a break in the Caffè Giacosa ([www.caffegiacosait](http://www.caffegiacosait)). It was founded in 1815 and is the birthplace of the famous Negroni drink (gin, Martini rosso and Campari), created in the 1920s by the barman Fosco Scarselli. Another good tip is Procacci ([www.procacci1885.it/it/florence](http://www.procacci1885.it/it/florence)). The menu has meals, wines and local snacks, such as Tartuffe rolls which go very well with a glass of Prosecco.

## If you have a whole day...

**REGARDLESS OF** creed or religion, the Santa Maria del Fiore Cathedral is a must for everyone who comes to Florence. This building, known as Il Duomo, impresses visitors with the beauty of its Gothic-Renaissance lines designed by Arnolfo di Cambio and its sheer size. It was built between 1296 and 1436 and is the third-largest Christian temple in the world, ranked behind only St. Peter's basilica in Rome and St. Paul's Anglican cathedral in London.

**THREE OF** its structures deserve special attention. The dome, that was designed by Filippo Brunelleschi, is 45.5 meters in diameter and is adorned inside with frescoes by Giorgio Vasari and Frederico Zuccari, representing the Final Judgment. Another attraction is the belfry situated at the right of the frontage that was designed by Giotto di Bondone and has seven bells. The Baptistery is also separate from the cathedral and is famous for its three bronze doors, one of which was made by Lorenzo Ghiberti, and dubbed the Door of Paradise by Michelangelo Buonarroti, thanks to its absolute perfection. The originals were replaced by replicas in 1990 and are in the Museo del Duomo museum ([www.ilgrandemuseodelduomo.it](http://www.ilgrandemuseodelduomo.it)).

**FROM THERE**, we proceed to the Piazza della Signoria, the city's central square where there are two postcard views of Florence — the Fontana di Nettuno fountain, dating from 1563, and the Palazzo Vecchio building, formerly the Palazzo della Signoria. The original building work on the palace got underway in 1299 but the current format of the complex that, the former seat of the Florence government, is the result of expansions that extended up to the 16th century.

**TO END** the day in style, I suggest some stops. First try a Negroni in the Caffè Cavalli ([www.cavalliacaffe.com](http://www.cavalliacaffe.com)). The combination of gin, Martini rosso and Campari was created in Florence by barman Fosco Scarselli 95 years ago and made the old Cafè Casoni, the predecessor of Cavalli, famous throughout the world. Afterwards, have dinner at Gustavino ([www.gustavino.it](http://www.gustavino.it)) or Alle Murate ([www.allemurate.it](http://www.allemurate.it)). The first is a new restaurant and wine bar that presents standards of Tuscan cuisine at honest prices, such as Beef tartar with mustard in grains, for around 13 euros. In the Alle Murate, which also specializes at regional cuisine, a good suggestion is lamb stew with pecorino fondue and fried artichokes for 35 euros.

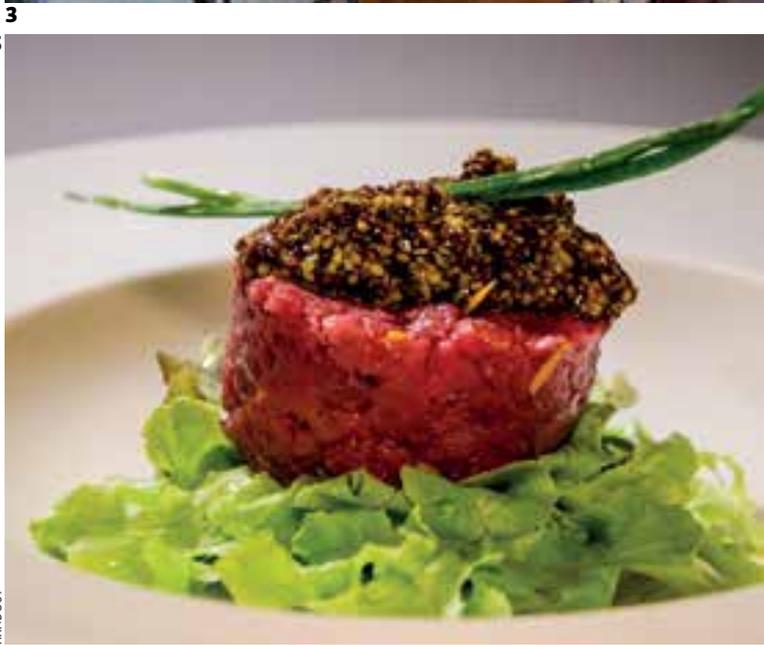


HERMÍNIA MOREIRA



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HANDOUT



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HANDOUT



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## If you have a whole weekend...

**SORRY PARIS**, Rome, Madrid and New York. Little Florence has the highest per capita index of art masterpieces in the world, most of which are concentrated in three museums that are obligatory stops: Galleria degli Uffizi, Accademia and the Bargello. Reserve half of the Saturday and Sunday for them.

**THE VERY** first in the list is the Uffizi ([www.uffizi.com](http://www.uffizi.com)), one of the 10 most important addresses in the art world. The Heart of the Renaissance, as the gallery is known, has 93 rooms spread over two floors. The highlights on the first floor are the areas devoted to Titian, the main painter from Venice in the 16th century, and Caravaggio (1571-1610), the absolute master of the chiaroscuro style, the contrast between light and shade. Rooms some steps above are dedicated to three geniuses whose works you must visit: Michelangelo Buonarroti (1475-1564), Leonardo da Vinci (1472-1519) and Sandro Botticelli (1445-1510).

**MICHELANGELO IS** represented by the cheerful lively colors of the Holy Family (1504). Da Vinci's works include The Baptism of Christ (1472-1475), The Annunciation, from the same period, and the Adoration of the Magi (1481-1482). In the midst of so much divine inspiration, The Birth of Venus by Botticelli (1482-1485) stands out as perhaps the most famous piece of art in Florence's main museum. The tempera on the screen marked a milestone in the Renaissance as it was the movement's first large work (1.72m x 2.88m) to present a non-religious subject albeit one with a classical appeal.

**THE ACCADEMIA** delle Belli Arti ([www.accademia.org](http://www.accademia.org)) was founded in 1784 and has a smaller collection. However, its main attraction is a great rarity in all senses: the famous statue of David by Michelangelo. The sculpture, that stands 5.17 meters high, was begun in 1501 and consolidated the esteem of the artist who had already created the Pietá (1499). Other works by him can be seen in the Museo del Bargello (<http://uffizi.firenze.it/musei/?m=bargello>), a reference point in Renaissance sculptures.

**THE STORES** in these museums offer a great treasure trove of souvenirs. If you still have any money left, have a look at the Oltrarno, a district on the other side of River Arno. Workshops and stores there offer a wide range of items, including ceramics, jewelry, and the traditional Florentine marbled paper. Back in the center, I suggest a walk to the Mercato di San Lorenzo market (<http://mercatocentralefirenze.wordpress.com>), for a snack and drink. The sandwiches in Da Nerbone are tempting, particularly the Lampredotto made with offal.

**IT IS** also worth heading to Lucca, 60 kilometers from Florence. The city was founded more than 2,000 years ago and has the maximum 3 star ranking from the Michelin Guide. Among the attractions are the San Michele and Amphitheater squares, the San Frediano basilica, the Museo Puccini museum ([www.giacomopuccini.it](http://www.giacomopuccini.it)) and, one of my favorite areas in the region, the Villa Mansi, with glorious gardens. To end the day, try the Bistecca alla Fiorentina steak in the Antica Locanda di Sesto restaurant ([www.anticolocandadisesto.it](http://www.anticolocandadisesto.it)). As for drink, there is nothing more Tuscan than a Chianti wine. Salute e buon appetito!

**1** Perfect couple: Ponte Vecchio bridge and River Arno

**2** Tempting the taste buds: San Lorenzo market

**3** Caffè Giacosa: birthplace of the Negroni drink

**4** Stop in Lucca: Eva Perini enjoys the Villa Mansi

**5** Tartare with mustard: main dish at Gustavino

**6** Door of Paradise: perfection, according to Michelangelo

# GLOBE-TROTTER In Transit

## Serious math between beach and forest

TIFFANY KEARNEY\*

As I write this I am literally in transit - flying from my adopted city of Rio de Janeiro back to my hometown of Boston. Half a world away, in Seoul, celebrations are in full swing for winners of the Fields Medal - the most prestigious prize in mathematics, akin to a Nobel Prize. Of the four winners, two stand out to me: the Iranian, Maryam Mirzakhani, the first woman to have won; and the Brazilian, Artur Ávila, the first Latin American. A native of Rio, 35 year-old Artur splits his time as a researcher between France's CNRS and IMPA, Brazil's National Institute of Pure and Applied Mathematics, where he completed his Phd when he was 21.

I first went to Brazil in 1999 in support of rolling out Nextel across the region. On that trip I met my husband, Enrique Pujals. From Argentina — and a researcher at IMPA himself —, when Enrique told me he was a mathematician, I had a hard time equating Rio as a place for academics. Coming from Boston, where education has industry status, it was difficult for me to imagine researchers doing serious math from a place located on the edge of the largest urban rainforest in the world above some of the world's most famous beaches. The stereotypes I held in my North American mind quickly dissolved when I visited IMPA, perched above Rio's idyllic Botanical Gardens. Founded in 1952, when Brazil had only a handful of PhD's, IMPA molded itself into a global center of excellence in math research, having formed hundreds

of doctoral and master's degree graduates over the years.

I've been active professionally in Brazil for a number of years as an international business consultant. I've seen the country mature as a market — and it's still evolving. I attended the Massachusetts Export Expo last year, and when I told people I work with Brazil everyone had something to say about how difficult it is to do business there, the regulatory rigmarole, the Custo Brasil, etc...

To put it in perspective, Brazil is a young but maturing market. The U.S. and Europe have been importing and exporting for hundreds of years; Brazil, for most of its history, was protectionist. It's true that doing business in Brazil is not easy, but considering it is now the sixth largest economy in the world with more than 15,000 companies exporting abroad means it's not impossible. As Brazil looks outward more and more, I have also begun looking at Brazilian companies that want to export.

Similarly, considering IMPA still counts its existence in terms of decades, how far it has come as an institution is inspiring. IMPA is an example of how Brazil can gain international recognition not just as a exporter of commodities, but also



PERSONAL COLLECTION

as a generator of knowledge and research.

Artur Ávila is a product of the purposeful environment that has been fostered at IMPA (for an accessible synopsis of his work: <http://bit.ly/1BcPOLm>). Widely known as the top math research institute in Latin America, IMPA welcomes students and researchers from around the world. Within dynamical systems, Artur's main field of work, some consider it the best worldwide.

At a talk in Seoul, Stanford University professor Eric Hanushek said that if Brazil could raise student scores on the OECD's Programme for International Student Assessment (PISA) test by 25 points, that would translate into a 270 percent increase in GDP. With places like IMPA taking the lead, the potential for Brazil is great. In 2018, the International Mathematical Union will award the next round of Fields Medals to another set of researchers. As further testament to IMPA's importance, and evidence of Rio's significance as a mathematical center, the Marvelous City has been chosen to host.

\*

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