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# BRAZIL BUSINESS BRIEF

JANUARY 2016

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NEWS FROM THE BRAZILIAN CHAMBER  
OF COMMERCE IN GREAT BRITAIN



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# EDITORS' LETTER



**LENA BERALDO & ALEX THOMAS**  
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Dear members and friends,

Welcome to the January 2016 issue of the Brazil Business Brief. In this issue we have articles on diverse subjects ranging from Brazil's production of renewable energy to the political arguments around the government's *Bolsa Família* programme. We are also delighted to have an interview with His Excellency Eduardo dos Santos, the new Ambassador of Brazil to the United Kingdom, who has been keenly supporting the Chamber's activities since his arrival in London in October.

All those interested in Brazil-UK business opportunities can rest assured that in 2016 the Chamber will continue to organize lively and informative networking events. Our biggest event, the annual Gala Dinner and Personality of the Year Awards, will take place on May 10 at the London Hilton on Park Lane. Keep an eye on [www.brazilianchamber.org.uk/events](http://www.brazilianchamber.org.uk/events) for further information.

We wish all our members and friends a very happy and successful new year.

Kind regards,

Lena & Alex ●

## ARTICLES

# INTRODUCING THE KING'S BRAZIL INSTITUTE COLUMN

**KING'S**  
*College*  
**LONDON**

**T**he need for a better understanding of Brazil – a large, diverse, and rapidly changing country – has never been greater.

Knowledge of Brazil tends to lag behind the country's growing global importance. Over the last few decades, Brazil has opened up to the world, internationalizing its major institutions on a scale never seen before in its history, while there has also been a growing interest in Brazil's special attractions and an expansion of the country's potential to make unique and valuable contributions in response to the challenges facing the world. This remains true despite the political and economic difficulties the country is currently experiencing.

The Brazil Institute at King's College London is dedicated to interdisciplinary research on some of the most important issues affecting Brazil. The five core members of our staff employ a variety of theory and methods, and reflect several different disciplines including history, economics, geography, political science, comparative literature and cultural studies. Founded in 2010, the institute has a PhD and master's programme, and a growing number

of alumni. It also offers its students valuable opportunities to work on and with Brazil as interns in partner organizations in the private sector, government or NGOs, both in the UK and Brazil. The institute collaborates with a variety of partners, including the Brazilian Chamber of Commerce in Great Britain, and organizes numerous events in London, including a fortnightly research seminar.

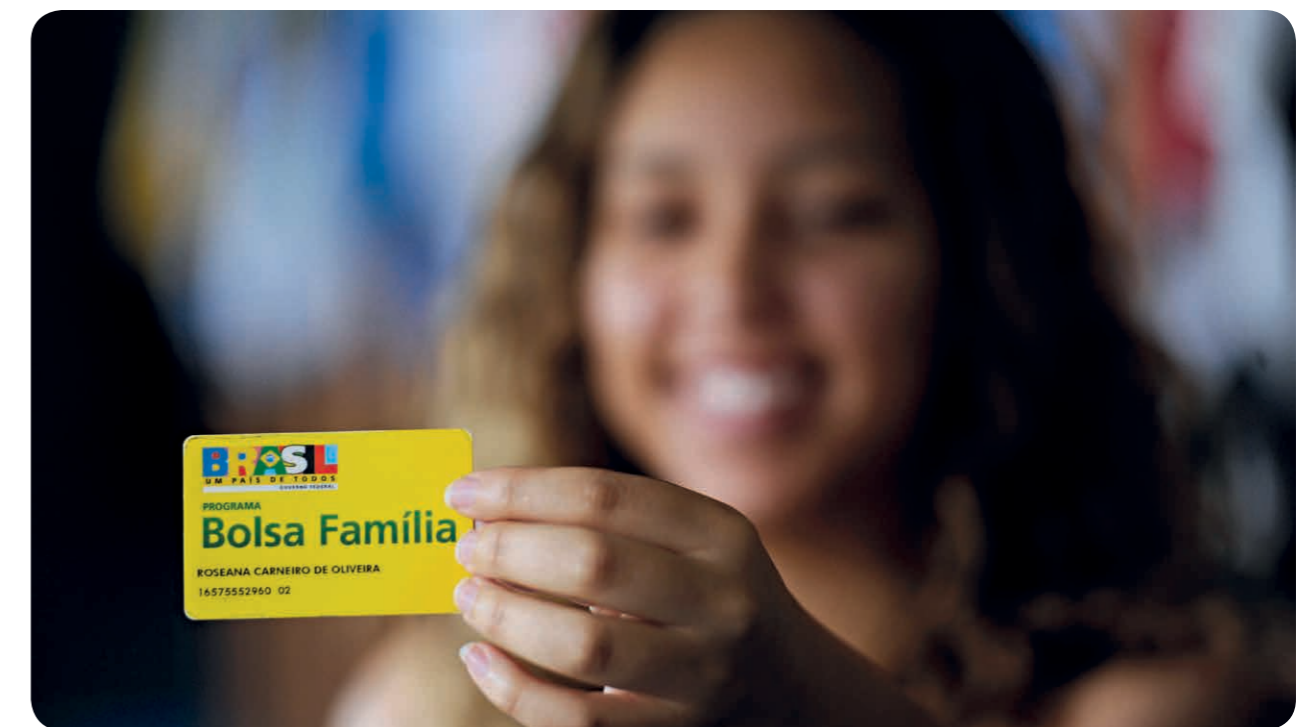
In partnership with the editors of the *Brazil Business Brief*, the Brazil Institute at King's College London will be contributing a regular column to these pages, starting in this edition with an article by our staff member and resident geographer Dr Jeffrey Garmany. The spirit of the column will be one of openness to a multiplicity of interpretations and points of view, in keeping with Brazil itself.

Anyone interested in signing up to the Brazil Institute email list should contact [iain.o.hannah@kcl.ac.uk](mailto:iain.o.hannah@kcl.ac.uk). Thank you, and I hope you enjoy this new column! ●

**ANTHONY PEREIRA**  
DIRECTOR, BRAZIL INSTITUTE  
KING'S COLLEGE LONDON

# UNHAPPY WITH BOLSA FAMÍLIA? YOU MIGHT BE MISSING THE POINT

BY DR JEFF GARMANY



**W**hen it comes to Brazilian politics, the left and right have more in common than either side might like to admit. Both feel Brazil is headed in the wrong direction, both blame the country's problems on the political opposition, both believe the economy is underachieving, both are fed up with political corruption, both are holding their breath over the 2016 Olympics, and so on. To an outsider, Brazilians might appear united in their

anguish – just as they did in 2013, when millions took to the streets in protest. In that moment it seemed left and right had found common ground in their shared frustration.

For those who know Brazil better, however, the divisions between left and right appear deeply rooted, with the two sides perhaps growing even further apart in recent years. Beyond charges of corruption and maleficence by both sides, questions of basic public policy are becoming increasingly divisive. Take, for example, *Programa*

*Bolsa Família* (PBF), the (in)famous social welfare initiative launched by the PT (Workers' Party) in 2003. While lauded by development experts as one of the world's best conditional cash transfer (CCT) programmes, in Brazil PBF is hotly contested, and not just by fiscal conservatives and opponents of the PT. Plenty on the left are also critical of it.

Unlike those on the right who argue that PBF is wasteful and clientelist, critics on the left tend to be unhappy about what it *hasn't* achieved. While

# ARTICLES

they note that PBF helps feed the poor, leftist critics are upset with how little it does to address structural issues of poverty and inequality in Brazil. Public education, healthcare and domestic infrastructure remain woefully underfunded, and while PBF puts food on the table in millions of poor households, it also puts money right back into the pockets of business elites thanks to formalized spending conditionalities. It addresses the symptoms of poverty rather than the causes. Many on the left even call the programme “neoliberal”, as it stresses individual responsibility rather than collective action and resource sharing.

On the right, alongside the arguments that PBF is wasteful and poorly managed, some are convinced it constitutes a disincentive to work and encourages poor women to have more children so they can receive a higher monthly benefit. At a more analytical level, many on the right – and indeed even some on the left – suggest PBF reproduces political patronage on a national scale, with the PT supposedly using it to secure votes from poor people. According to such critics, the poor continue to vote for the PT out of fear of losing their benefits, and therefore the programme actually undermines

## WHILE THEY NOTE THAT PBF HELPS FEED THE POOR, LEFTIST CRITICS ARE UPSET WITH HOW LITTLE IT DOES TO ADDRESS STRUCTURAL ISSUES OF POVERTY AND INEQUALITY IN BRAZIL

democracy and citizenship. They point to the recent election in support of their argument, alleging that PBF is the reason for the PT's overwhelming electoral success in poor regions.

What the critics on both the right and the left seem to overlook, however, are the limits of PBF, which are crucial not only for understanding the programme's aims and objectives but also its direct and long-term effects. Leftists' arguments that PBF does little to address deeply rooted issues of poverty and inequality are mostly unfair. To put it bluntly, PBF is not meant to improve public education, healthcare or domestic infrastructure. It has, instead, a limited set of basic objectives: reducing infant mortality; ensuring children are better nourished and monitored by medical professionals; and reducing child labour by sending

kids to school. This is what is meant by “building human capital” through CCT programmes. Granted, other resources are also necessary in order to build human capital, but those issues go well beyond the scope of PBF. And while PBF is also criticized for offering no long-term poverty reduction strategy, this again largely misses the point. The programme is designed to reduce hunger and infant mortality, and to make sure children are in school rather than at work. Improving the quality of primary education in Brazil is not one of PBF's objectives. That more and more children are packed into under-resourced public schools is of course problematic, but again, this isn't PBF's fault. The programme actually achieves its objectives in almost every respect. If Brazil is to take further steps towards reducing poverty, it will require new, additional initiatives. PBF cannot realistically be expected to achieve more than its modest aims.

When it comes to complaints from the right, those who say PBF is a drain on public resources and poorly managed – or that it encourages higher birth rates and increases unemployment – are either misinformed or credulous. The programme is in fact renowned for its administrative com-

petence, especially when taking into account Brazil's size and bureaucratic hurdles. It is also surprisingly cheap: in total it costs less than 0.5% of Brazil's GDP, and therefore provides a stark reminder of how inexpensive it is to keep people from going hungry. And with respect to fertility rates, there is clear evidence that PBF and other CCTs lead to lower birth rates among recipient populations; and that if it has any effect at all on the job market, it might actually increase formal employment, at least among working-age men.

Whether or not PBF serves as a patronage tool for the PT, however, is a trickier issue, and one that tends to divide researchers. At the heart of this dispute lies the fact that it's almost impossible to identify a causal relationship between voting behaviour and any particular public policy. Lost in this debate, though, is perhaps an even more fundamental question: why is it that when wealthy voters support candidates who promise them certain benefits, they're voting in their own “best interests”, yet when poor voters do the same thing, their votes are being “bought”? From the perspective of patronage, are both cases not basically the same? More precisely,

## THE PROGRAMME IS IN FACT RENOWNED FOR ITS ADMINISTRATIVE COMPETENCE, ESPECIALLY WHEN TAKING INTO ACCOUNT BRAZIL'S SIZE AND BUREAUCRATIC HURDLES. IT IS ALSO SURPRISINGLY CHEAP: IN TOTAL IT COSTS LESS THAN 0.5% OF BRAZIL'S GDP

what's really the difference between someone who votes for a candidate because they want more money via a CCT programme, and someone else who votes for a candidate because they want more money through political and economic measures, public policy initiatives, tax breaks, and so on? How are both not voting in their own best interests?

To be fair, if PT members warn that PBF is likely to be cut should they lose an election, one could certainly accuse them of scaremongering. (Or maybe not: until PBF survives a change in political administration, no one can say for sure if the programme is actually safe.) However, it would be

unfair to blame PBF for all this; the problems stem from dirty politics and uninformed and vulnerable voters. The former is something that plagues political parties both left and right, and the latter reflects a poorly educated and marginalized population. Were poverty and public education not so problematic in Brazil, perhaps the poor might feel more empowered and not be so easily manipulated by political rhetoric. Either way, the roots of such problems and their solutions extend well beyond the aims and effects of PBF.

So, what does this all mean for contemporary political debates in Brazil? While the left and right find it increasingly difficult to find common ground, their arguments – as in most countries – often hinge on misinformation, uncritical analysis, and/or political ideology. *Programa Bolsa Família* is by no means a perfect anti-poverty initiative, but neither should it be a punch bag for political pundits from both left and right. The problems Brazil faces, and their potential solutions, run much deeper than PBF or any other social welfare initiative. Until those issues are addressed, little headway is likely to be made on questions of domestic policy, even on topics of shared concern. ●

# ARTICLES

## COP21 AND ITS IMPLICATIONS FOR BRAZIL

BY IEDA GOMES

After two weeks of intense debate and negotiations in Paris during the Climate Change Summit (COP21), 195 nations reached a landmark agreement in which they committed themselves to limiting the rise in global temperatures to less than 2 degrees Celsius above pre-industrial levels, and to driving efforts to further limit the temperature increase to 1.5 degrees. The agreement is partly voluntary and partly binding.

The conference also pledged to allocate US\$100 billion a year in climate finance for developing countries by 2020, with a commitment to further finance in the future.

Brazil has pledged to cut greenhouse emissions by 37% by 2025, and 43% by 2030, with its level of emissions in 2005 as the baseline. The country has also promised to end illegal logging in the Amazon basin region, one of the world's key rainforest areas.

Recognizing the difficulty in aligning national interests, several initiatives were put forward by Brazilian states, municipalities and trade associations. For example, on November 8, the Environment Secretariat of



the State of São Paulo organized the signing of voluntary agreements with Brazilian companies and industry associations, in an event hosted by the Brazilian Embassy in London. Signatories included FEBRABAN (Brazilian Federation of Banks), ABVIDRO (Brazilian Association of Glass Manufacturers), UNICA (Brazilian Association of Sugarcane Producers), FIBRIA, Comgas, RAIZEN, and many others.

Brazil's energy matrix is one of the world's greenest, with renewable energy (hydro, biomass, wind and solar) accounting for 39% of Brazil's energy supply – a very significant share when compared with the global average of only 13%. The impressive proportion

of Brazil's energy provided by renewables has actually been declining over the last three years as a result of four consecutive years of dry weather, which has reduced the availability of hydro power.

Brazil's emissions per capita are also quite low: 2.4 t CO<sub>2</sub>/person in 2014, compared to 16.1 in the USA and 6.1 in China.

Projections from Brazil's Energy Research Company (EPE) indicate that the country's emissions of CO<sub>2</sub> associated with energy production will rise from 485 MtCO<sub>2</sub> equivalents in 2014 to 634 MtCO<sub>2</sub> equivalents by 2020. In 2014, the transportation sector alone accounted for 45.7% of CO<sub>2</sub> emissions

in Brazil, whereas industries were responsible for 18.5% and other sectors, including power generation, 35.8%.

Unlike in other large emerging economies, such as China and India, coal does not play a big role in Brazil, and so far the government auctions for additional power capacity have discouraged coal and oil-fired power plants in favour of wind, solar photovoltaic (PV) and, to a certain extent, natural gas plants

The power auction held in November 2015 contracted 929 MW of solar PV and 548 MW of wind projects at an average price of USD 65.5/MW, which was very competitive considering that Brazil does not subsidise renewable energy apart from exempting such projects from connection charges to the transmission and distribution system. The renewable-energy projects contracted in November will invest almost US\$ 2 billion. The way forward for Brazil should probably lie in encouraging renewable energy projects, with gas-fired plants as a cleaner back-up when compared with other fossil fuels, since Brazil is not yet willing to permit the construction of new hydro power plants with large reservoirs.

On the other hand, much more

**UNLIKE IN OTHER LARGE EMERGING ECONOMIES, SUCH AS CHINA AND INDIA, COAL DOES NOT PLAY A BIG ROLE IN BRAZIL, AND SO FAR THE GOVERNMENT AUCTIONS FOR ADDITIONAL POWER CAPACITY HAVE DISCOURAGED COAL AND OIL-FIRED POWER PLANTS**

needs to be done in tackling carbon emissions in the transport sector. An obvious alternative is to further increase the use of sugarcane ethanol. Until recently, ethanol consumption had been decreasing at a significant rate, due to the government's decision not to allow petrol prices to rise. Ethanol prices are usually pegged to petrol prices, so artificially low petrol prices reduced ethanol's competitiveness and caused the shutdown of almost 80 ethanol plants. The freeze in petrol prices ended in 2015, due to the necessity of improving the Petrobras cash-flow, and rebalanced the price equation in favour of ethanol.

As a result of higher petrol prices, the consumption of ethanol in 2015 is picking up again and indeed reached record levels in 2015; it is expected to account for 42% of transportation fuel sales by the end of the year. At COP21 ethanol producers unveiled new projects related to second-generation ethanol, aiming to increase the efficiency of existing refineries by adding another stage of ethanol production using bagasse and straw as a feedstock.

If Brazil vigorously pursues its commitments with regard to COP21, there are plenty of opportunities for renewable-energy investment in the power and transportation sectors. However, the government needs to provide assurances that it will not intervene in keeping petrol prices artificially low, and that power auctions for renewable energy will continue to be held in the long term.

The COP21 agreement will only be effective after 55 countries have deposited their instruments of ratification. A major challenge lies in developing a robust global monitoring system to verify the progress of the proposed initiatives, as well as in funding the transition from coal to lower-carbon energy in emerging markets in Asia. ●

# ARTICLES

## HOW MIGHT THE WEAKER REAL AFFECT BRAZIL'S ECONOMY AND REAL-ESTATE MARKET?

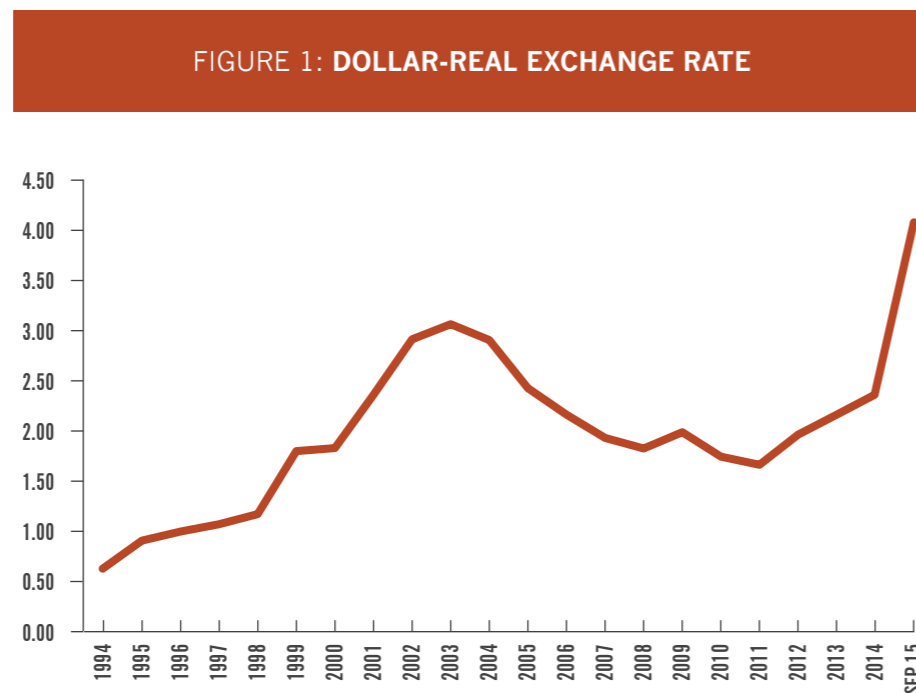
BY NINA BOOTY

In September this year, 21 years after its introduction in 1994, the Brazilian real fell to its weakest ever value against the US dollar (see Figure 1). The exchange rate on September 22 was R\$ 4.07 to the dollar, since when there has been a slight recovery (R\$ 3.80 on the day this article was published).

Overall, Brazil's national currency has depreciated by about 40% against the dollar during the last year. Its previous low point was in 2002, when the dollar traded at just under R\$ 4.00 in the run-up to Luiz Inácio Lula da Silva's victory in the presidential election (but then recovered after Lula pledged to meet obligations to bondholders).

The recent drastic depreciation of the real reflects the fierce economic and political headwinds Brazil is currently battling, but a closer look at the impact of the weaker currency on the Brazilian economy – and, more specifically, on residential and commercial real estate – reveals that the situation does in fact entail some positive as well as negative aspects.

In recent years, the strongest value attained by the real was in 2011 (R\$ 1.64 to the dollar). This was a result of the economic boom in Brazil as well as the raising of interest rates, both of



Source: Economist Intelligence Unit (annual average BRL: USD), Bloomberg 22nd Sept 2015

which attracted significant inflows of foreign capital. However, as this was detrimental to Brazilian exports, and the real was considered to have become overvalued, the Brazilian government operated a short period of “dirty float” in 2012, bringing the currency down to a more realistic level.

However, with the real having recently fallen so significantly in value, we believe there will be a tendency for exports to increase (because they

are cheaper than before) and imports to decrease (because they are more expensive). So what overall effect is the current situation likely to have on the Brazilian economy?

In theory, if foreign demand for Brazilian exports is “elastic”, companies in export-orientated industries will experience a significant rise in sales, which could create many new jobs. Furthermore, a foreign trade surplus arising from higher exports

and lower imports will have a positive effect on overall aggregate demand in the economy, potentially boosting Brazil's economic growth.

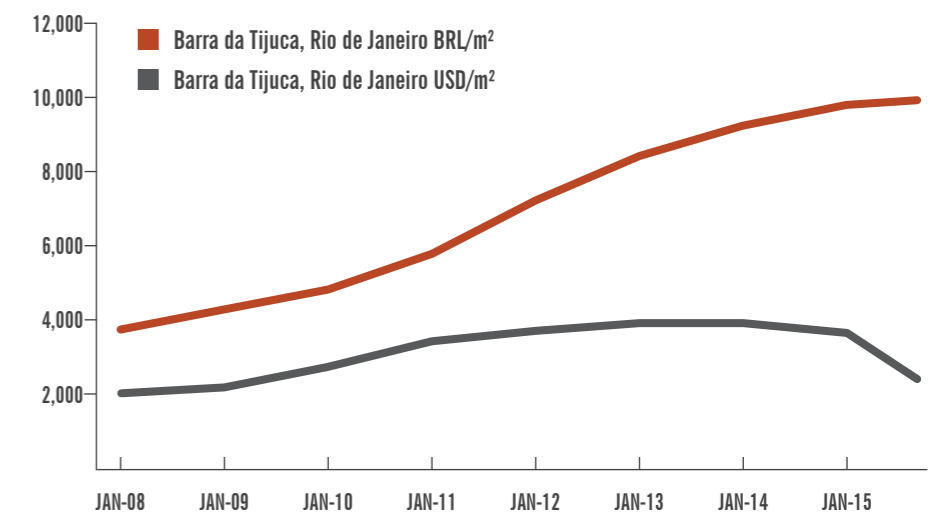
Naturally, there are also drawbacks to currency depreciation, one of the main ones being a risk of higher inflation via more expensive imports. However, it is believed that during a recession, currency depreciation will tend to support economic growth and help reduce unemployment, with little effect on inflation.

But what will be the impact of the weaker real on the Brazilian property sector?

For Brazilian investors and home buyers, who generally buy and sell in local currency, there should be no impact per se on the price of real estate. For overseas investors possessing hard currencies, however, Brazilian properties have obviously become much cheaper.

Figure 2, shows property prices in Barra da Tijuca, one of the prime residential and commercial areas in the city of Rio de Janeiro. Prices in reais, represented by the red line, have been increasing continuously over the past seven years – but prices in dollars, represented by the grey line, have recently started to fall.

FIGURE 2: PRICES OF PRIME PROPERTY IN RIO DE JANEIRO, IN REAIS AND DOLLARS



Source: Fipe Zap House Price Index, Economist Intelligence Unit (USD:BRL exchange rate series), Bloomberg 22nd Sept 2015

Major overseas investors who have been purchasing Brazilian property in the last year include GTIS Partners, Brookfield Asset Management, Blackstone, GP Investments, GIC and Adia. All these companies are pursuing bargains both in the commercial and residential property sectors. Taking a medium- to long-term view, they are looking ahead to potential big profits when the Brazilian economy returns to positive growth and the real has recovered.

After all, as the chief economist at Standard Life Investments in Edinburgh, Jeremy Lawson, commented in a recent article on Brazil's investment horizon: “Economies aren't in recession forever and markets don't go down forever.”<sup>1</sup>

<sup>1</sup> Source: <http://money.usnews.com/money/personal-finance/mutual-funds/articles/2015/11/03/why-investing-in-brazil-will-remain-difficult>

# ARTICLES

## GETTING STARTED IN THE UK: KEY LEGAL ISSUES FOR BRAZILIAN START-UPS AND GROWING TECHNOLOGY COMPANIES

BY PHILIP SHEPHERD



London's status as one of the leading global financial centres is well established. High-growth companies from outside the European Union have long looked to the UK as their entry point into the European market. The phenomenal growth that the London and wider UK technology scene has experienced in recent years is sure to attract growing technology companies from Brazil as they look to

access the market, the international talent, the friendly business environment and the wealth of opportunity that the UK offers. For younger companies, the UK has many accelerator programmes offering UK and overseas start-ups a range of support including funding, office space, mentoring and access to contacts.

So, the attraction is obvious – but what does a fast growing start-up need to do to set up in the UK? This

article briefly highlights some of the key legal issues that need to be considered, although the importance of taking specific legal, tax and other advice always needs to be stated.

First, ask some key initial questions. Why are you looking to access the UK market? Do you want to establish your own presence or, if possible, buy an existing local business? Will you sell into the UK remotely from Brazil, or will you set up locally? If

you intend to set up, will you bring employees from Brazil to the UK, or hire locally, or both?

### BUILDING THE TEAM

Attracting and hiring the right team will often be one of the most important priorities. It is important to understand local employment laws to ensure the company is properly protected. For example, technology companies are among those that will want to have strong provisions protecting their intellectual property. UK employment law is thought by many to be the fairest in Europe from the employer's perspective. It is now particularly flexible in the first two years of an employee's contract, although companies would be well advised to familiarise themselves with their obligations and with employees' rights. Care should be taken if employees are to be given incentives such as shares or share options, as this can lead to substantial tax liabilities for the company, and it is also important to consider local securities laws.

### MOVING PEOPLE

Many growing companies entering the UK market from Brazil may wish to bring employees with them. How-

ever, this needs careful planning in advance – ideally at least six months prior to the date on which the employee needs to start working in the UK – so as to comply with immigration law and not disrupt the business plan. There may be a few different visa options available, depending on the company, its plans and the individuals who will be coming to the UK. For example, the UK has a visa specifically targeted at talented people in the tech

sector, which might be an option in some cases. Companies looking to come to the UK should obtain some initial immigration advice before setting up an entity or hiring employees in the UK so as not to inadvertently reduce the visa options available.

UK EMPLOYMENT LAW IS THOUGHT BY MANY TO BE THE FAIREST IN EUROPE FROM THE EMPLOYER'S PERSPECTIVE. IT IS NOW PARTICULARLY FLEXIBLE IN THE FIRST TWO YEARS OF AN EMPLOYEE'S CONTRACT, ALTHOUGH COMPANIES WOULD BE WELL ADVISED TO FAMILIARISE THEMSELVES WITH THEIR OBLIGATIONS AND WITH EMPLOYEES' RIGHTS

### ENTITY

If the Brazilian company's plans include hiring staff within the UK, it will most likely need to register an entity in the UK. The two most common types of entity chosen are a private limited company or a UK establishment (often referred to as a branch). A limited company can be formed very quickly and is the most popular option for overseas companies coming to the UK. Thought will also need to be given to how the business will trade in the UK. For example, will contracts be signed with the Brazilian company or the new UK entity?

### REGULATION

A number of commercial activities in the UK and Europe are regulated. When entering the UK market, companies should consider whether their business falls within a sector that may have additional regulation. For example, businesses in FinTech and other

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financial services may be subject to financial services regulations. In some cases regulatory compliance will be critical and may require detailed analysis of the business model.

## INTELLECTUAL PROPERTY (IP) PROTECTION

For many high-growth start-ups, as well as more established businesses, their IP is crucial and it will need to be protected. The type of protection will depend on the nature of the IP, the plans the business has for it, and to some extent on the company's budget. For many companies, some of their most valuable IP will be that in their name and logo, or in the name of a product or service. In the UK and indeed across Europe, registered trademarks should be considered, as should other forms of registered IP such as registered designs or patents, if appropriate and available for the company's IP. Unregistered IP can often be of significant value, such as copyright (for example in software code as well as website content). Businesses should look for appropriate ways to protect this, which could include contractual protections with employees, contractors, vendors and customers.

## BEFORE STARTING TO DO BUSINESS IN THE UK, A COMPANY SHOULD CONSIDER HOW IT TRADES AND HOW IT MIGHT NEED TO ADAPT TO THE LOCAL MARKET. THE ISSUES TO CONSIDER WILL DIFFER DEPENDING ON THE NATURE OF THE COMPANY'S BUSINESS

### COMMERCIAL CONTRACTS

Before starting to do business in the UK, a company should consider how it trades and how it might need to adapt to the local market. The issues to consider will differ depending on the nature of the company's business. For business-to-consumer models it will be important to understand UK consumer law and to review standard terms of business. For business-to-business models it might be the case that fewer adaptations are needed, although to protect the business a local review should be undertaken.

### DATA PROTECTION

With the growth of the technology sector and the corresponding dramatic increase in the amount of data being generated, collected and exploited, data privacy regulators around the world are looking at the ways personal data is processed and controlled. The UK is no exception and has had specific legislation regarding the use of personal data for over 30 years. UK data-protection law stems from the European Union, although each European member state interprets the legislation differently and national regulators take different approaches. Brazilian companies coming to the UK will need to consider the local data-protection law and what they need to do to comply. This will usually include notifying the UK's data-protection regulator, the Information Commissioner's Office, and depending on the business model and nature of the data flows, possibly other compliance steps.

### SUMMARY

With careful planning, most businesses should find it quite straightforward to set up in the UK from a legal perspective, leaving the management team to focus on the main task of growing the business. ●



PICTURES BY RONALDO BATALINI // SMILE PHOTOGRAPHY

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**Brazilian Chamber**  
of Commerce in Great Britain



# INTERVIEW



## HIS EXCELLENCY AMBASSADOR EDUARDO DOS SANTOS

BY IEDA GOMES  
BRAZIL BUSINESS BRIEF

### When were you appointed as Ambassador of Brazil to the United Kingdom?

President Dilma Rousseff nominated me as ambassador to the UK in May 2015. I arrived in London in early September and presented my credentials to Her Majesty the Queen on 3 December.

### This isn't the first time you have served at the London embassy. Compared with your previous postings here, how are things different now?

This is actually my third assignment to the United Kingdom as a diplomat. I served here as a counsellor, from 1989 to 1992, and later as minister counsellor, from 1994 to

1999. If I had to mention one particular difference, it would be that there are now more aspects to the bilateral relationship than there were back then. In today's Brazil-UK relations we not only have trade and investment – which have always been very important – but also subjects such as climate change, science and technology, energy, academic exchanges, sports cooperation, and much more. On top of that, our political dialogue has been greatly reinforced, embracing bilateral and multilateral issues, as well as global matters.

### What programmes and initiatives is the Embassy involved in at the moment?

The Embassy works permanently to promote Brazilian interests in the United Kingdom. The trade & investment section, for instance, works closely with the Brazilian Chamber of Commerce in Great Britain to foster our exports and attract investment to Brazil. The academic section is closely involved with the Science Without Borders programme in the UK, which has already placed more than ten thousand Brazilian students in British universities in the past four years. The cultural section, likewise, hosts events on a weekly basis to promote Brazilian literature, arts and cinema. And also, similarly to what was done during the 2014 World Cup, the Embassy is

already working to organise another "Brazil Day" in Trafalgar Square on the opening day of the Rio 2016 Olympics.

### The United Kingdom is currently a major investor in Brazil. Do you see opportunities for further investment? If so, in what areas?

Over the last decade Brazil has achieved social inclusion on a grand scale. About 40 million people have been able to move one step up the economic ladder and become part of the middle class – a major force now in Brazilian society. This means there's a fast-growing consumer market and a strong influx of foreign direct investment in a wide array of sectors. Brazil's economy grew by an average of 2.2% a year between 2011 and 2014 – and although the IMF predicts a contraction of nearly 3% in 2015, we expect a return to growth in the near future.

The oil & gas sector has traditionally been attractive to UK companies. And now the energy sector in Brazil is expanding with the fast development of renewable energy – especially wind and solar power. The future bidding process to contract 38,000 MW of wind and solar power will be the biggest ever auction for those forms of energy. In manufacturing and services,

**IN MANUFACTURING AND SERVICES, THERE ARE OPPORTUNITIES EVERYWHERE. INFRASTRUCTURE IS AN AREA WHERE BRAZIL IS SEEKING TO ADVANCE RAPIDLY IN PARTNERSHIP WITH THE PRIVATE SECTOR, THROUGH CONCESSIONS**

there are opportunities everywhere. Infrastructure is an area where Brazil is seeking to advance rapidly in partnership with the private sector, through concessions. The government's latest investment plan for infrastructure – the Logistics Investment Program – will have invest US\$ 49.5 billion in projects to build or modernize highways, railways, ports and airports.

### What does the Embassy do to support British companies keen to invest in Brazil?

The Embassy can provide relevant information, help to find the right

contacts and draw attention to new opportunities, whether in the UK or Brazil. We have a team of experts who can provide information on different sectors of the economy and on specific regulations or bidding processes. We also have data on Brazil-UK trade, and on Brazilian trade with other countries. The trade & investment section is also very active in organizing seminars, workshops, roundtables and networking events throughout the year. We are also very keen to open our doors to local partners who are interested in a particular region or economic activity. This year, for example, in association with local or Brazilian third parties, we've hosted events to promote investment in the northeast of Brazil, to discuss opportunities in the oil & gas sector, and to explore developments in areas including customs rules, information technology, and Rio de Janeiro's urban development plans. The Brazilian agency that promotes exports and investment, Apex, recently held a seminar in London to present the incentives for research and development centres to establish a presence in Brazil. As for 2016, we'll be continuing to focus on infrastructure and energy, and on agriculture.

# INTERVIEW

INTERVIEW

Although Brazil and the UK have a solid economic relationship, with bilateral trade exceeding US\$ 7 billion, there is always room to grow. The Embassy can be a focal point, a facilitator, a hub for useful information – both for Brazilian and British companies.

**Brazilian companies are looking for investment opportunities abroad. What does the UK offer them?**

The UK offers opportunities in virtually any area where there's an economic return to be made, because it is one of the most dynamic markets in Europe and presents an attractive environment for business. There are examples of Brazilian companies doing very well here, in the areas such as consumer goods – shoes, for example – jewellery, meat and poultry, technology start-ups, and software. Also, all the major Brazilian commercial banks have a presence in London. In 2014 Brazil was the second biggest source of non-regional FDI into Europe, after the United States. There's even a reminder of this on the London skyline, as the iconic "Gherkin" building in the City was recently purchased by a Brazilian bank.

**The world will soon be focusing on the Olympic Games in Rio in 2016. What plans does the Embassy**

**ALL THE MAJOR BRAZILIAN COMMERCIAL BANKS HAVE A PRESENCE IN LONDON. IN 2014 BRAZIL WAS THE SECOND BIGGEST SOURCE OF NON-REGIONAL FDI INTO EUROPE, AFTER THE UNITED STATES. THERE'S EVEN A REMINDER OF THIS ON THE LONDON SKYLINE, AS THE ICONIC "GHERKIN" BUILDING IN THE CITY WAS RECENTLY PURCHASED BY A BRAZILIAN BANK**

**have to promote the event in the UK?**

The Rio Olympics will be a fantastic event and a great opportunity to promote Brazil's image abroad. As I mentioned before, the Embassy will be organising a "Brazil Day" in Trafalgar Square on the opening day of the Olympics. We did something similar in 2014, on the first day of the World Cup

– I'm sure it will be a huge success.

**The recent climate change conference in Paris (COP 21) has highlighted the efforts different countries are making to reduce greenhouse gas emissions. Will Brazil use its clean energy credentials and reforestation potential to enhance its role in this respect?**

Brazil strongly supports the multilateral response to climate change under the United Nations Framework Convention on Climate Change [UNFCCC]. The country worked very actively towards the launching of the negotiations of the new agreement under the Convention, with a view to strengthening the climate change regime. Brazil's clean energy mix, use of biofuels, and significant reduction of deforestation have put us on track towards a low-carbon economy. Brazil's Nationally Determined Contribution to the new Paris agreement builds on positive results and establishes even stronger commitments to further enhance our credentials with regard to renewables and forests. It demonstrates our determination in combating climate change and consolidates our position.

As for the BRICS countries' approach to the issue, at their sum-

mit in Russia in July the leaders expressed their readiness to address climate change in a global context and at the national level, and to achieve a comprehensive, effective and equitable agreement under the UNFCCC. Brazil also works very closely with other developing countries, not only to promote South-South cooperation initiatives that could replicate successful domestic experiences – such as with countries from the Amazon Cooperation Treaty Organization and from the Congo Basin – but also to coordinate positions in the context of our common objective of promoting sustainable development. During the BASIC Ministerial Meeting on Climate Change, held in Beijing in October, ministers from Brazil, China, India and South Africa expressed their unequivocal commitment to a successful outcome at the Paris climate change conference through a transparent, inclusive and party-driven process.

**The Brazilian economy is facing a difficult period. What are the key messages for existing and potential investors?**

The key message to investors is that Brazil is making serious efforts to resume economic growth, and values

**THE CENTRAL PIECES OF THE FISCAL AUSTERITY POLICIES IMPLEMENTED IN BRAZIL ARE TO SCALE BACK PUBLIC SPENDING TO 2013 LEVELS, AND TO REDUCE THOSE TAX INCENTIVES WHICH WERE INTRODUCED AS ANTI-CYCLICAL MEASURES IN THE WAKE OF THE 2008 INTERNATIONAL FINANCIAL CRISIS**

the economic and social achievements of recent decades. At the core of our efforts are austerity fiscal policies, combining spending cuts with increases in certain specific taxes.

Following the measures introduced by the federal government in 2015, we believe expectations will start becoming more positive, and that

there'll be a slight but progressive recovery of the economy in 2016. There have been new price adjustments and reviews of energy costs. We do consider fiscal discipline to be a vital element in the process of regaining economic momentum, in so far as the reduction of fiscal risks normally brings about an increase in private investments. Our declared goal of achieving a primary surplus of 0.7% of GDP in 2016 is very feasible. Inflation control is another target, especially due to the real's fall in value against the dollar.

The central pieces of the fiscal austerity policies implemented in Brazil are to scale back public spending to 2013 levels, and to reduce those tax incentives which were introduced as anti-cyclical measures in the wake of the 2008 international financial crisis. The austerity approach, however, must strive to maintain a balance between public spending and the maintenance of the social developments which have been so arduously achieved by the Brazilian people. And Brazil's Congress is doing its part by discussing and voting on the proposed legislation for the fiscal austerity policies and the 2016 federal budget. ●

INTERVIEW

# INTERVIEW



## SILVIA FAZIO

BY IEDA GOMES  
BRAZIL BUSINESS BRIEF

### CEO OF WILL LATAM

**S**ilvia Fazio is CEO of WILL LATAM (Women in Leadership in Latin America), an NGO whose work includes sharing best practices aimed at closing the gender gap and promoting women in leadership roles, and assisting organizations in establishing career-development programmes for women. She is also a corporate partner at Chadbourne & Parke LLP, leading the Brazil desk at their London offices.

#### What was the original motivation behind the creation of WILL?

It was very much related to the simple fact that initiatives of this type were lacking in Latin America. The position of businesswomen has improved a great deal in almost all Latin American countries over the last 20 years or so, but there is still a lot to be done. One of our most important missions is to get Latin American women into leadership positions. If we take Brazil as an example, less

than 8% of board-level positions are occupied by women. And yet if we look at the most renowned universities in Brazil, more than half the students there are young women. They enter the labour market, they successfully reach a certain level in their careers – but then they hit a glass ceiling, which only a minority manage to break through.

#### Where does WILL operate?

WILL has its headquarters in São Paulo. We have chapters in London

and in New York, and a new chapter being formed in Miami, Florida. We also have requests from several Latin American countries for new chapters which should be formed in 2016. Our aim is to support Latin American women in achieving leadership positions, and we're not restricted to those who are actually based in Latin America. The chapters in the US and the UK are very important in terms of our research, our partnerships with global organizations, and our efforts to gain support from Latin American women who have a global reach.

#### There are also men on the board of WILL: how do they contribute to an organization which is female-focused?

We welcome men to our debates and are very proud to have men on our board. They contribute a great deal. Our debates often go beyond the issue of gender – they're often about fairness and meritocracy. Men seem to be increasingly aware of the unbalanced ratio male-female ratio in leadership positions. The vast majority of business leaders in Latin America are men, and we need to gain their support if we want to progress towards a more equal business environment.

#### What are the key issues and

#### barriers preventing Latin American women from reaching leadership positions?

Many barriers are related to cultural values and tradition. Latin American societies still seem to be critical of women who focus on their careers – particularly when they become mothers. That's the stage when women need support to continue to pursue their careers, if they wish to do so. It seems the business environment fails to support women when they most need to find a balance between their personal and professional ambitions. Other barriers are often related to the fact that the majority of men who are in leadership positions seem to feel more comfortable working with male colleagues, and end up failing to see the benefits diversity can bring to their business. Statistics and research have been providing increasing evidence of those benefits, and our objective is to draw attention to that. It's much easier to approach businesspeople with a view to promoting programmes for attracting, retaining and developing the careers of female employees when we have evidence that this will actually help their businesses be more successful.

#### Do you see any change in women's or companies' awareness

#### of the issue?

I believe many women, particularly the younger generations, are much more aware of the difficulties they may face when trying to combine their personal and professional lives. The older generations seemed to accept that they needed to sacrifice a lot of their personal lives if they wanted to have a family whilst continuing to pursue their careers. Younger generations are less tempted to do so, and expect more support from their employers. Companies are more aware of this, but many lack the resources or genuine motivation to make things change.

#### How do you think WILL can contribute to removing such barriers?

WILL intends to contribute by promoting debate. We've been organizing a series of open debates with senior business leaders and politicians in São Paulo, New York, London, Brasília and Belo Horizonte. We've reached agreements with education and research organizations. We want to raise awareness about the situation for women in Latin America with regard to leadership positions. We also want to create the tools to empower women and make them feel more confident that they can achieve leadership in Latin America. ☺

# EVENTS ROUND-UP

THE BRAZILIAN CHAMBER ORGANISES AROUND 20 EVENTS PER YEAR ON A VARIETY OF SUBJECTS, ALWAYS AIMING TO RAISE THE PROFILE OF BRAZIL AND TO PROMOTE NETWORKING OPPORTUNITIES. ON OUR PAST EVENTS PAGE YOU CAN DOWNLOAD PRESENTATIONS, SEE PICTURES AND LEAVE COMMENTS.

FOR MORE INFORMATION PLEASE VISIT [WWW.BRAZILIANCHAMBER.ORG.UK/PASTEVENTS](http://WWW.BRAZILIANCHAMBER.ORG.UK/PASTEVENTS)

EVENTS ROUND-UP

## RECEPTION TO WELCOME THE NEW AMBASSADOR OF BRAZIL TO THE UK, H.E. EDUARDO DOS SANTOS



19 OCTOBER 2015

At the Embassy of Brazil we held a reception to welcome the new Ambassador of Brazil to the United Kingdom, and honorary president of the Chamber, Eduardo dos Santos.

Around 100 members and friends of the Chamber attended the event, where they had the opportunity to speak with the new ambassador.

In a diplomatic career spanning more than 40 years, this is the third time Ambassador dos Santos has been posted to London. His previous position was in Brasilia as secretary-general of the Brazilian foreign ministry, and he has also been Brazil's ambassador to Uruguay, Paraguay and Switzerland. ●



## A GLANCE BACK AND A HARD LOOK FORWARD – A PRESENTATION BY OXFORD ECONOMICS AND CONTROL RISKS

21 OCTOBER 2015



The Chamber held a networking breakfast followed by a discussion of what the next three years might bring in Brazil, which was led by Geert Aalbers, a senior managing director and head of Control Risks' Brazil office, and Marcos Casarin, a senior economist for Oxford Economics.

With the first year of President Dilma Rousseff's second term of office having been marked by recession and a painful but necessary fiscal adjustment, Geert delivered an in-depth analysis which addressed issues such as the chances of the govern-

ment adopting more business-friendly policies in the next three years, and whether such policies are more likely to be across the board or specific to certain industries. Marcos gave an overview of the current economic situation in Brazil, pointing out the most significant business risks, suggesting how those risks could be managed most effectively by the government, and also identifying the most promising opportunities for investors.

Both Geert's and Marco's presentations are available on the Chamber's website. ●



EVENTS ROUND-UP

# EVENTS ROUND-UP

## CHRISTMAS DRINKS

1 DECEMBER 2015

Around 100 members and friends of the Chamber came along to our Christmas drinks party, the last event of the year, which was kindly hosted by Taylor Wessing in their beautiful offices in the City. 🍷



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EVENTS ROUND-UP

EVENTS ROUND-UP

# EDITORIAL

## BRAZIL BUSINESS BRIEF, JANUARY 2016

NEWS FROM THE  
BRAZILIAN CHAMBER OF COMMERCE  
IN GREAT BRITAIN

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THE BRAZILIAN CHAMBER OF COMMERCE  
IN GREAT BRITAIN  
PRESENTS

GALA DINNER  
**PERSONALITY  
OF THE YEAR  
AWARDS 2016**

10 MAY 2016  
AT THE LONDON HILTON  
ON PARK LANE  
7.00PM



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**Brazilian Chamber**  
of Commerce in Great Britain