



# The closest BRIC economy to the US

Strong macroeconomic fundamentals and a wealth of resources spell golden returns

**S**outh America's economic powerhouse and a country considered the continental beacon for socioeconomic progress and success, Brazil has accelerated into the fast lane in recent years to become one of the world's biggest success stories.

With a safe and outstanding investment and business climate, the land of sun, soccer and samba is now also recognized for its vast natural resources and strategic position and has attracted billions of dollars of foreign direct investment (FDI) from the US and beyond.

Boasting political, social and economic stability, the country of more than 200 million people was thrust into the sporting spotlight when it was awarded soccer's showpiece event – the 2014 FIFA World Cup – and Rio de Janeiro was chosen to host the 2016 Olympic Games. These events have underpinned a massive infrastructure investment program that has boosted the republic's socioeconomic development.

In July 2013, the IMF highlighted the country's impressive progress, saying: "During the last decade, Brazil's strong macroeconomic frameworks have contributed to preserve macroeconomic stability, support robust growth, and underpin sustain-

ned poverty reduction.

"The key pillars of Brazil's macroeconomic frameworks have been the fiscal responsibility law, the inflation targeting regime, and the flexible exchange rate. In addition, a strong prudential framework has underpinned a sound financial sector that withstood well the global financial crisis of 2008–09. The prolonged macroeconomic stability has facilitated the adoption of far-reaching social programs that have produced a remarkable social transformation—in particular, a substantial reduction in poverty and an increase in living standards of large segments of the population."

#### Leading the way

Located in the central highlands, the federal capital Brasilia is a large and sustainable city that has the nation's highest GDP and number of universities per capita. It is now in line to become an innovation hub, thanks to the construction of a new digital technology park which will be seen as Brazil's Silicon Valley.

"Brasilia is the only modern construction that is a UNESCO world heritage site and, as such, it is a futuristic and innovative city with high quality services," says Agnelo Queiroz, Governor of Brasilia.

Established 41 years ago, the Federation

"Brasilia is the capital of opportunities and is privileged for several reasons"

Antonio Rocha, President, FIBRA



Brazil's bays and beaches are legendary

of Industries of the Federal District (FIBRA) was created to aggregate the most important productive sectors of the capital and be a strong driver of economic and social development. "We encourage the integration of the business class with the legislative and executive power branches, in order to ensure effective actions and projects in favor of micro and small entrepreneurs to strengthen the industrial segment" FIBRA's president, Antonio Rocha, says.

"Brasilia is the capital of opportunities and is privileged for several reasons, in-

cluding a location that makes it a shopping center and economic integrator with surrounding regions that benefit production, logistics and distribution.

The population has high purchasing power and Brasilia also offers the best quality of life. Promoting it as the capital of industry that generates and transfers knowledge is our goal. I want to end my term in 2014 defending the interests of industry and making it more competitive by raising GDP by at least 14%. It's a bold goal, but one I intend to achieve."

## Brazil/US trade relations reach record high

The flow of goods between these two giant economies is becoming a flood

**T**hree years ago, in 2011, US President Barack Obama and Brazil's President Dilma Rousseff signed the Agreement on Trade and Economic Cooperation.

It was a move that would boost bilateral cooperation on trade and investment between the two largest economies in the Western Hemisphere exponentially.

The importance of Brazil to the US economy is underlined by data from the Office of the United States Trade Representative

which reveals the Latin American giant was its seventh-largest goods export market last year when goods worth \$43.7 billion were sent to Brazil.

This was an increase of 1.8% year on year and 252% over the decade, and the positive trend is repeated in the amount of US direct investment that was made in Brazil in 2011, when US businesses and individuals invested \$71.1 billion.

The figure was up nearly 11% year-on-year, with the bulk of the investment in the

manufacturing and financial services sectors.

One of the largest American Chambers in the world, Amcham-Brasil was founded around a century ago, and continues to make a major contribution to the development of the business environment in Brazil and in the US.

The group supports the strengthening of the Brazil/US economic and commercial relationship through innovation, modernization and investment generation, and has

about 5,000 active member companies on its books.

"Almost 1.5 million Brazilians a year travel to Florida where they spend a lot of money, so this investment inverts and the Brazilian population ends up investing a lot in Florida because of tourism," says Amcham-Brasil's chief executive officer, Luiz Gabriel Rico. "Another important factor is the amount of investment Brazil makes in the retail and real estate markets. Florida has become an important partner to Brazil."



# Realizing the American dream... in Brazil

The inspiring story of a Brazilian entrepreneur who helped build a city.

Many people have a dream, but only some follow it through. Fewer still have the vision and discipline to keep believing in that dream when the odds are against them. For Osório Adriano Filho, arriving in Brasília in 1957 when it was only a forest, the dream of making it big in his beloved country came true. Half a century later, his dream, Brasal, is a thriving company with 3,500 employees and activities ranging from construction to Brazil's Coca-Cola franchise.



Osório Adriano Filho  
Founder and President, Brasal

Brasal—short for Brasília Serviços Automotores—is one of the leading companies in Brasília, and the entrepreneur is a champion for the city, which he believes gives both Rio and São Paulo a run for their money in terms of investment opportunities.

“I’ve been here for 56 years, and can confirm that it is a development center in the middle of the country,” he says. “It is strategically located for boosting the national economy. Before Brasília, Brazil’s cities were only on the coastline. The interior didn’t exist: to get from Rio de Janeiro to Belem by land wasn’t even possible, you had to go by sea. Today, there are roads leading to all states and thousands of opportunities.”

“Brasília is, at the moment, creating a Digital City for the ICT sector. It is a privileged program for local government and a great opportunity for those in this sector. The number of construction works is rising every year. Many other sectors are coming here, such as pharmaceuticals with links to major U.S. and European laboratories. The service sector presents another opportunity. All those who have the technology, creativity and willingness to work can come to Brasília and succeed.”

The Miami-University educated Osório also draws parallels between his company and the region in which it is based.

“I am very proud to have been part of the construction and consolidation of the city,” he says. “In 2012, Brasal grew by 15% and we aimed to grow 20% again last year. We were the first company in the midwest to win the National Quality Award conferred by the National Quality Foundation. Criteria was based on operational management, excellence, customer service efficiency, productivity and the qualification of human resources as well as social responsibility.”

“Over the last 50 years, Brasal has consolidated and intends to grow. We rely on it not only for the corporate structure we have achieved, but for the continued sustainable growth of Brasília. Brasal will continue contributing to Brasília’s development, through employment generation, the channeling of investments and the provision of goods and services to our community.”

“We are integrated into the development process of the federal district where we still have plenty to do. For this reason, we do not even think of internationalizing our activities.”

## Why Brasília?

In Brasília, Osório found a place where he could be an entrepreneur, discover the needs of the region and take that opportunity to develop his personal and professional path. The fourth-largest city in Brazil, with around 2.6 million inhabitants, Brasília was originally built to encourage the settlement and development of the country’s interior territories. Today, those goals have been fulfilled and then some—the federal capital now boasts the largest

GDP per-capita ratio of all the Brazilian cities, and in addition to beautiful nature, modern architecture and works of art, offers seminars, conferences and other attractions linked to the federal government and private sector, as well as sports and cultural events. No wonder tourists and investors alike take advantage of its well-structured amenities

Brasília also has a high degree of consumer spending, with the federal district being the third-largest shopping center in the country. A growing middle class with disposable income bodes well for investors. In June 2012, Brasília hosted the Confederation Cup and will stage various Soccer World Cup games in 2014.

These events, added to its unique economic characteristics, are providing openings in all sectors, including power, construction, tourism and the sectors related to the events themselves. As well as the Digital City, there are plans to build a commercial airport, which will make investment links even easier.

“Brazil has many raw materials and we need skilled labor to bring them up from the sub-soil, industrialize them and sell them,” Osório says. “Brazil’s President, Dilma Rousseff, has said that the countries in crisis are restricting spending; here we want sustainable development and increased employment.”

Many Latinos have migrated to the U.S. and helped in its development and progress. Rousseff’s ‘Science Without Borders’ program has seen more than 200,000 Brazilians studying abroad and is working very well.

“Today’s young people are on very different paths to mine. I had another kind of education: life experience and the type of success that is achieved with dedication to hard work, seriousness, and a strong character. I had an opportunity to come to Brasília and participate in its construction and I was confident about its future, but others did not believe.”

“I studied civil engineering at the University of Miami. Miami was also not the wonderful city that is today, but because of its privileged location, it received a large amount of immigrants, especially Latinos, Americans who helped in its growth.

“Brasília is a beautiful city that has reached high modern, urban and humanitarian conditions. It is the highest-ranked of 5,565 Brazilian municipalities, with the best rates of social development involving housing, income, labor, health, safety and education. As the capital of Brazil, it deserves to be visited and admired.”

As the dynamic octogenarian concludes: “I admire Abraham Lincoln immensely, and my philosophy is very much aligned to one of his quotes: “You cannot escape the responsibility of tomorrow by evading it today.”



A place to relax after a busy week or day on Algodão island in Pará State

## Perfect Pará targets FDI

Resource-rich state is ripe for investment

Brazil’s second-largest state in terms of area, Pará is a tropical paradise with fertile soil that supports a huge agricultural industry and precious natural metals such as gold and tin, as well as iron ore that generate billions of dollars a year in revenue.

Famous for its stunning rainforests, beautiful ceramics and pottery and religious celebrations and festivals that draw hundreds of thousands of tourists to the region each year, Pará is also attracting huge sums of local and foreign investment as it looks to diversify its economy and fulfill its untapped potential.

This drive to develop fresh economic strands is being led by the state government which is focusing on several core sectors including sustainable energies, science and technology and new tourism markets, particularly in the cruise industry. It is investing large sums in new transport infrastructure and offering fiscal incentives, including generous tax breaks, to companies and investors that want to transform the region’s raw materials into finished products and create jobs.

“Pará state is a perfect portrait of Brazil as a country,” says the state’s vice governor, Helenilson Pontes. “It has a huge area with natural resources, strong culture and great people along with sea and river beaches, Amazonia rainforest, gastronomy and traditional music.

“We are investing in 11 new hydroelectric power plants and are reducing deforesta-

tion as we believe in the potential of this biodiversity and want to invest in it.

“What the forest can give us is still unknown and this means a whole new set of opportunities such as biotechnology and biopharmaceuticals. Our mission is to connect our universities and researchers to investors that know how to take advantage of these opportunities.”

Sidney Rosa, who is Pará’s special secretary of economic development and production incentives, highlights the importance of new transport infrastructure such as railroads and highways to the state’s economic well-being.

“In the next few years, we will have a railroad that will allow us to transport all the cargo from the center of Brazil. With this investment, the potential of Pará is enormous for grain export and agriculture investment,” he says. “We are already the main palm oil producer of Latin America and this will grow even more.”

Tourism is another sector officials in Pará are eager to develop even further as they look to maximise the region’s potential.

“Pará offers unlimited opportunities customized for Florida investors, says, Adenauer Góes, state secretary for tourism for Pará.

“We have one of the best convention centers in Brazil and a good international airport. Cruise ships could come from Miami, pass through the Caribbean and Belem — our capital—and pass along the Amazon until Manaus.”

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The Government of Para is currently developing a project, laying 1000km of tarmac to modernize the state's road infrastructure.



**Qualifications.**  
Para has federal universities in Belem and Santarem, a state university that is expanding into the interior with tens of private colleges.



**Energy.**  
The hydroelectric power station at Tucuruí is the second largest in Brazil. This is in addition to the gigantic Belo Monte one.



**Sustainability.**  
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# Brazilian fashion brands go global

Leading Brazilian fashion and footwear houses are racing to open branches in Miami

Along with samba, food, color and soccer, one aspect of Brazilian culture that has been a very successful export in recent years is fashion, with clothing and footwear designers increasingly targeting markets in the US, Europe and Asia.

Helping Brazilian fashion brands to conquer new foreign markets is Texbrasil, the Brazilian Fashion Industry Export Program. Founded in 2000 by ABIT (Brazilian Textile and Apparel Industry Association) in partnership with Apex-Brasil (Brazilian Trade and Investment Promotion Agency), the program supports and prepares textile and apparel companies that want to selling their products abroad.

"We work hard to showcase Brazilian creativity," says Texbrasil chief executive officer, Rafael Cervone. "Brazilian fashion reflects attributes such as lifestyle, diversity, creativity and flexibility."

Apex-Brasil president, Mauricio Borges, adds: "The world is not aware of everything Brazil does, so we help Brazilian companies that want to invest in the US market. We call it 'internationalization support'."

## Fashionable Fighting Gear

Founded six years ago, Pretorian has grown powerfully and rapidly to become a leading fighting gear, apparel and equipment brand in and out of the mixed martial arts (MMA) ring. As a sponsor of many athletes and the Ultimate Fighting Championships (UFC), Pretorian is now preparing to conquer the US and open stores in Miami and Los Angeles.

Because the company's three creators – Ruy Drever, Alexandre Bucci and Luciano D'Elia – are committed devotees of contact sports, Pretorian is dedicated to offering the best equipment and motivation for those who strive to become a true fighter.

Chief executive officer Drever explains how Pretorian was founded and has gone from strength to strength. "We trained in martial arts together ... we saw there was a huge opportunity in the market for better quality equipment at a reasonable price ... so we launched Pretorian on the hard goods segment," he says. "After a while we noticed we were being asked for a lot more products from our brand; the sport was growing, the

brand was growing. Nowadays, we have a man's brand that can satisfy consumers with fight gear, fitness equipment, sports active wear and casual sportswear. It is the true man's brand."

Chief creative officer Bucci adds: "We make clothes for men to use at every stage of their working day—in their leisure time, at work and at the gym. Pretorian development director D'Elia concludes: "We are totally driven by innovation. Whether it is innovation geared to the design of the products or focusing on the needs of the athletes. Going into Miami is a statement for the brand and we are certain it will be a success."

## Stepping Out In Style

For a country whose range of wonderful natural assets includes a plentiful supply of sun and countless golden beaches, it is no surprise that the humble Havaianas flip-flop has become one of the nation's most popular and instantly recognizable exports and a Brazilian icon.

Founded more than half a century ago, Havaianas have always been associated with quality, durability and comfort. Today, the creative and colorful brand is present in more than 80 countries, but is most popular in Brazil where it sells more than 200 million pairs a year.

Late last year, Havaianas opened its first retail unit in Miami when its bright and stylish range of comfortable footwear went on sale in a large store in Lincoln Road. According to the director of Sandals Division at Alpargatas, Carla Schmitzberger, the Miami store is an important step in Havaianas' strategic development.

"We have a brand we can also grow in variety of products. We have tennis shoes, sneakers and espadrilles and we intend to enter categories where we can offer differentiated products that are loyal to the brand's DNA: colorful, cheerful, comfortable and easy to use. We estimate 30-40% growth in the next five years."



Havaianas are in a class of their own

Turning to the challenges awaiting the company in the US market, Schmitzberger adds: "In the US, there is still no long-established habit of using sandals or flip-flops. There is the culture of sneakers or slides. Havaianas is much more comfortable compared to other similar brands in the US. We want to show Americans the advantage of investing in a high-quality product that can

last for several years instead of buying a cheap plastic product for summer use that is then discarded. Havaianas is a fashion accessory that can make you look cool."

Schmitzberger adds that by dedicating a lot of time to observing new trends, Havaianas regularly launches new and exciting value-added products. "Havaianas

Slim is a success that arose from such an observation," she says. "Women were using flatter and thinner sandals. Subtly we revised the insole and the strip, creating a super-feminine product that women love."

One of the most innovative Brazilian fashion brands that is distinguished by comfort as well as design, Carmen Steffens

counts glamorous celebrities Mariah Carey and Eva Longoria among its long list of loyal customers of its footwear and fashion accessories.

Carmen Steffens' recipe for success is all the joy, colours and warmth of the Brazilian culture. Present in almost 20 countries, including the US, where it has plans for several new stores in Miami and other major fashion cities, Carmen Steffens aims to be in 40 countries by 2015.

"We are developing the slogan that fashion can be comfortable," says Carmen Steffens' founder Mário Spaniol, who set up the company two decades ago and named it after his mother. "Our shoes fit 70% of women perfectly and are very comfortable since they have a proper shape and soft materials created by experience gained over 20 years."

Highlighting the brand's ambitious expansion plans for the US and its focus on Miami, Spaniol adds: "Our strategy involves creating Carmen Steffens 'temples' in the best place. "We plan to open at least three stores in Miami, within the 10 planned stores for the US, and then we'll start to franchise. Miami is a fantastic city and if I did not live in Brazil I would live there. Miami and Florida are the mirror of Latin America and so they are a very important market for Carmen Steffens."

"Our Miami store is an important step in Havaianas' strategic development."

Carla Schmitzberger, Director of Sandals Division at Alpargatas

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# Amazonas: Golden gateway to northern Brazil

Known for its majestic river and jungle, Amazonas state has some breathtaking assets

Ask someone who has never been to Brazil to imagine what it offers and where in the vast country they would like to visit and the chances are their answers will include the magnificent Amazon rainforest and its exotic flora and fauna.

What they might not know—and even regular visitors to the south of the country may not be aware—is that Amazonas state has established itself as a leading international production hub that has seen some of the most famous names in the automobile, electronic manufacturing, beverage and chemical industries invest billions of dollars in state-of-the-art factories. Goods designed and produced at modern facilities are transported across Brazil, Latin America and other key markets like the US.

Given its unrivalled tropical climate and countless natural wonders, Amazonas is a popular tourist destination for international travelers and with Miami only a five-hour flight away, the city is ideally placed for people from Florida and the southern US to visit.

The largest metropolitan area in Brazil and home to nearly 2.5 million people, Manaus' strategic location on the banks of the great river mean it offers many competitive advantages.

Mayor Arthur Virgílio Neto states: "We have a strong economy that has grown con-



Antonio Silva  
CEO, FIEAM

sistently in recent years. We have improved health and education services and infrastructure, and established new partnerships with the private sector, both nationally and internationally.

"We have one product that is extremely important for Manaus and Amazonas, which is water. This is going to be extremely important for us going forward. The pharmaceuticals industry is most important for us in the future, as we will develop this sector.

He continues: "We share many similarities with the US, from cultural similarities to social outlooks and business behaviors. We must capitalize on these synergies if we are to compete for sustainable investments. One sector we are focused on is tourism which is an economic driver that provides jobs for thousands and generates prosperity for the region."

Committed to promoting the "Amazonas brand", AmazonasTur is a government-run company dedicated to supporting the sustainable development of new tourism products through the creation and execution of strategic policies.

One of the agency's key goals is promoting the many qualities the state has to offer and get across the message to a wider audience that the region is more than just lush jungle and the Amazon river and should be viewed as a gateway to northern Brazil.

"Amazonas is a state that preserves 98% of its forests and where we have four million people and 66 indigenous groups, not counting those that are still in the process of recognition," says AmazonasTur president, Oreni Campelo-Braga da Silva.

"We have the best hotel infrastructure in northern Brazil and great gastronomy that should be discovered by visitors from the US, whether they are staying in a five-star hotel in the jungle or small hostel in the heart of a local community."

One of Braga da Silva's most ambitious and visionary ideas is a massive theme park based around nature that would allow people of all ages to touch, smell, hear and view at close quarters the tens of thousands of different species of plants, insects, fish and animals. "I see a large window of opportunity for a theme park and aquarium," he says. "We have carried out a feasibility study into such a project and are now waiting for investors to make this dream a reality."

#### FIEAM boosts economic growth

As its name suggests, dynamic business group Federação das Indústrias do Estado do Amazonas (FIEAM) is a private sector industrial body that represents members' interests in facilitating progressive business-friendly legislation with a specific focus on the industrial sector.

A proactive and forward-thinking body, FIEAM executes a smooth relationship with politicians, government officials and universities as it works to strengthen and improve existing mechanisms that will allow the fluid movement and greater performance of the state's economy.

Chief executive officer, Antonio Silva, says: "Amazonas enjoys a strategic location, a wealth of natural resources and tax incentives are available to attract productive investments. Moreover, it is a gateway to the great Brazilian consumer market."

Outlining his group's aims, he explains: "We work with public and private entities and seek to increase the efficiency of the productive structure, mapping, identifying, expanding and strengthening supply chains, seeking greater competitiveness of products 'made in Amazonas'."

"We also support the implementation and development of new technologies that have the potential to induce those economic productive activities for increased competitiveness in domestic and international markets. In addition we encourage industries where the Amazon region has great potential and capabilities to develop competitive advantages, paving the way for inclusion of these sectors in the flow of national and international trade."

Silva points to the success of the Manaus Free Trade Zone which has attracted hundreds of firms in a range of industries, including global giants such as Harley Davidson, Coca Cola, Honda, Samsung and Nokia. Investors benefit from a broad range of generous tax incentives and their operations and product distribution are supported by quality local infrastructure.

"We aim to showcase how the Amazon's grandeur and natural beauty coexists with sustainable development and technological innovation, without prejudice to its environmental heritage," he adds. "The industrial park in Manaus involves more than 600 companies in diversified manufacturing. Have the courage to join them and invest here."

"Amazonas enjoys a strategic location, natural resources and tax incentives."

Antonio Silva, CEO, FIEAM



## Amazonas, more than Amazonia

Spanning more than 18% of Brazil's landmass, Amazonas is the country's largest state and home to one of the most breathtaking natural spaces in the world: the Amazon rainforest. There is so much to celebrate, and invest in, here in Amazonas. Visit us now.



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www.sistemafibra.org.br

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The people of Amazonas work for sustainable development. The Free Economic Zone of Manaus preserves 98% of the Amazon Rainforest.

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