

FISCAL STIMULUS INITIATIVE - BRAZIL

The term refers to the various spending packages that governments around the world have announced to stimulate their economies, in response to the global economic downturn.

Foreign governments will want indigenous companies to benefit from these packages, but the size and scale of some initiatives means there should be plenty of opportunities for UK business to provide expertise and capability

The fiscal stimulus initiative being taken forward by UK Trade & Investment aims to raise awareness of these packages and assist UK companies in exploitation of these significant business opportunities.



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University and a postgraduate Diploma in Management Studies from the University of Teesside. Chris has held the position of Honorary Consul for Brazil in Manchester since 1997. You can catch up with Chris via his blog - <http://blog.ukti.gov.uk/author/cwall/>

Brazil – the PAC Plan & the World Cup 2014

- Brazil is experiencing its longest ever period of GDP growth, has built up foreign reserves of USD 206.8 bn (Dec 2008), and is now a net creditor to the IMF
- Brazil's full potential for economic development is seriously handicapped by decades of underinvestment in infrastructure. The 'PAC Plan' was launched in 2007 to address this problem

The Brazilian Infrastructure Investment Programme

With a total value of £384,54bn, the so-called 'PAC Plan' is Brazil's most ambitious investment programme to date, and provides for expansion and improvement programmes in the areas of logistics, energy and social/urban infrastructure.

1. Logistics infrastructure – total investment - £42.43bn

- 45,000 km of road improvements & 2,518km of railway development
- Improvements and expansion at 12 ports & 20 airports
- The development of 67 inland/river ports
- A £34bn expansion of the merchant fleet

2. Energy infrastructure – total investment - £243.62bn

- Petrobras' strategic plan to 2012 incorporates the largest corporate investment plan in the world, with investments of £114.84 bn
- Oil production in 2015 is set to reach 582 thousand b/d
- 57 drilling rigs to be leased & contracted up to 2017
- 4 oil / petrochemical refineries to be built & 4,526 km of gas pipelines
- 35,064 MW of generating capacity & 36,388 km of transmission lines
- Renewable fuels
 - 46 new biodiesel refineries
 - 77 new ethanol refineries

3. Social & Urban infrastructure – total investment - £82.49bn

- Including Social Housing & sanitation projects benefitting 4m families and improvements to the metro systems in 4 cities

4. For information on import tariffs for Brazil, follow the link to the Market Access Database

http://mkaccdb.eu.int/mkaccdb2/datasetPreviewFormATpubli.htm?datacat_id=AT&from=publi

World Cup 2014 Investment Agenda

Brazil will host the World Cup in 2014, and has been shortlisted as a candidate country to host the Olympic Games in 2016. These bring tremendous opportunities for UK companies which have world-class expertise in the sports infrastructure sector. UKTI is helping UK companies to engage at the highest levels with the sports authorities to ensure that UK companies have every chance to capitalise on these opportunities.

Approaching the Market – Tips for Doing Business in Brazil

Brazilians

1. Brazilians prefer to know who they are doing business with before they can work effectively.
2. Personal relationships are very important in Brazil. To a Brazilian businessman, the individual they deal with is often more important to them than the company.
3. Brazilians prefer face-to-face meetings to written communication as it is a way of getting to know the person they are doing business with.
4. Communication is often informal and does not rely on strict rules of protocol. Anyone who feels they have something to say will generally add their opinion.
5. Face-to-face, oral communication is preferred over written communication, though anything agreed verbally should be confirmed in writing.

Dress Code

1. Brazilian business men and women dress well, even when they dress 'casually'. Ties are not always used, even in the city of São Paulo. Never use a 'gimmicky' or 'flashy' tie.
2. Men should wear conservative, dark coloured business suits.
3. Women should wear suits or dresses that are elegant and feminine with good quality accessories.
4. Manicures are expected. This certainly applies to women, but an increasing number of professional men in Brazil also pride themselves on having well manicured nails (though without nail varnish!).

Business Meetings

1. Business appointments are required and can often be scheduled on short notice; however, it is best to make them 2 to 3 weeks in advance, and to confirm them a couple of days before the agreed date and time.
2. In Sao Paulo and Brasilia it is important to arrive on time for meetings. In other cities it is acceptable to arrive a few minutes late.
3. When meeting and greeting Brazilians, expect a firm handshake combined with strong eye contact.
4. As in the UK, business cards are exchanged during introductions with everyone at a meeting.
5. It is advisable as a considerate touch, although not required, to have the other side of your business card translated into Portuguese.
6. Meetings are generally rather informal.
7. At the beginning of a first meeting, it may take a little time for your Brazilian colleagues to raise the business subject. Actually, this is not so different to the way things are done in the UK.
8. Expect questions about your company since Brazilians are more comfortable doing business with people and companies they know.
9. Do not appear impatient if you are kept waiting. Brazilians see time as something outside their control and the demands of relationships takes precedence over adhering to a strict schedule.
10. It is advisable to hire a translator if your Portuguese is not fluent – at least for the first meeting. After that, your contact at the company may well feel more comfortable communicating in English. This is less the case in the city of São Paulo, where an increasing number of professionals speak very good English – though it pays to check beforehand. The Consulate in São Paulo may be able to do this for you.
11. Literature which has been prepared in Brazilian Portuguese will be very well received, and will create the best of impressions with the company you are meeting with.

12. Expect to be interrupted while you are speaking or making a presentation.
13. Avoid confrontations. Do not appear frustrated with your Brazilian colleagues. They will almost always do everything with a warm and genuine smile.

Negotiations

1. Brazilian business is hierarchical. Decisions are made by the highest-ranking person.
2. Brazilians negotiate with people, not companies. Do not change your negotiating team or you may have to start over from the beginning. See item 2 in 'Brazilians', above.
3. Brazilians take time when negotiating. Do not rush them or appear impatient.
4. Allow for time to be spent reviewing details.
5. Brazilians tend to draw up detailed legal contracts when everything has been agreed.

Use local lawyers and accountants for negotiations. Brazilians resent and may be 'phased' by an outside legal presence, who in any case may not have the necessary experience to support you in the Brazilian legal and business environment.

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