the dawn of the 21st century, Brazil has emerged onto the world stage and become a powerful economic giant fueled by huge amounts of foreign direct investment (FDI) that has poured into the country’s key mining, agricultural, industrial, manufacturing and service industries.

Under the guidance of former President Luiz Inácio Lula da Silva, who introduced a wave of economic and social reforms during his 2002–2010 stewardship, the ambitious republic has grown into the world’s seventh-largest economy with a GDP of $2.1 trillion. Blessed with vast natural and human resources and a strategic geographical location, Brazil enjoys a growing influence on global economic matters and political issues. The country of 195 million people is also gearing up to host the 2014 FIFA World Cup and the 2016 Olympic Games.

“Brazil is willing to collaborate and join the international scene economically and politically.”
Michel Temer, Vice President, Brazil

Massive infrastructure projects are taking place throughout the country ahead of these two huge events, and Brazil is a regular fixture in the financial press as rising incomes and living standards create a rapidly increasing middle class with a sizable disposable income. With an attractive investment environment, growth forecasts are very promising. GDP is predicted to rise four per cent per annum over the next few years, and the republic welcomes FDI with open arms.

Once known mainly for its music and carnivals, Brazil is home to the bustling financial and commercial hub of São Paulo – the country’s business capital – and Rio de Janeiro, which is as popular as ever with international tourists.

Now led by President Dilma Rousseff, the country’s political, social and economic stability is generating huge interest among foreign investors, as economic uncertainty affects Europe and the U.S. “We are changing the world’s view of Brazil and I am very hopeful about foreign investment,” Vice President Michel Temer says. “At the recent Forum das Américas, that focused on sustainability, I saw the strength of interest from investors. We have inflation under control and interest rates are starting to come down. Brazil now has a very appropriate economic environment for national and international investment.”

According to Temer, foreign enterprises are no longer taking sole advantage of Brazil’s vast natural and human resources but are seeking partnerships with public- and private-sector organizations instead.

“The chances for international investors in São Paulo are very high, especially in infrastructure and services,” he states. “This includes infrastructure relating to public transport and services, such as hotels and restaurants. A city with 11 million inhabitants has never-ending demand.”

Investing in the state capital and region from which it takes its name, Investe São Paulo is the “gateway for new investment or expansion of existing businesses, generating innovation, employment and income improvements in competitiveness.”

The agency is a young and successful one-stop shop that through its strategic information and data has helped secure
$3 billion of investment in just two years, including funding from companies such as Toyota, Hyundai, AGC Glasses and Doosan Infracore. In addition to helping with red tape and legislative procedures at municipal, state and federal level, Investe São Paulo has many useful contacts and does not charge for its services.

“There are 645 cities in São Paulo state and we are the same size as the U.K.,” says Luciano S.T. de Almeida, president of Investe São Paulo. “A high percentage of investments are made elsewhere in the state. We put clients in contact with the necessary public institutions and private companies specific to their sector, as well as important banks.”

Among the state’s competitive advantages is an excellent infrastructure, a well-established supply chain and a substantial amount of commercial activity. It is the base for many large domestic and foreign firms. “São Paulo is the home of Brazilian automotive production, and the state plays a key role in the aeronautic, oil and gas, health and education sectors,” Almeida says. “Brazil offers great investment opportunities and São Paulo is the gateway to them.”

Established little more than a decade ago, Muzy Corp Participações Ltda. offers tax-consultancy services focused on incentive laws. The company also runs Tenda da Cultura, a cultural marketing agency; Class One, a sports marketing agency; and DNA Filmes, a production agency.

The firm’s international arm is Investe Brasil, a consulting company based in Orlando, Florida, that will shortly open a branch in London ahead of the British capital’s hosting of the 2012 Olympic Games. It offers complete solutions in marketing communications for the development of action plans in areas like culture, sports, promotion, events and entertainment. The target is to add value to the brands through strategies that humanize their corporate image.

Muzy Corp also provides support to foreign companies that do business in Brazil. As Muzy Corp’s president Jorge Muzy says: “Many firms are unaware how the power of sport can leverage a brand, the values their brand stands for, or their projects related to social responsibility and sustainability. Education through culture and sport is the most interesting way to achieve. For every project we create, there is a very large area of research.”

According to Muzy, now is the ideal time for foreign companies to invest in Brazil, with the country set to stay in the international media spotlight, thanks to its robust economic growth and the preparations for the world’s two largest sport events. “Global organizations have realized the importance of joining us in sport education. Big companies take ownership of the athletes who are highlighted, and sponsor athletes of the moment, who will eventually compete in the Olympic Games, so there is a long-term investment.”

Education Standards Are Rising

One of the biggest challenges facing Brazil is education, with senior officials from both the public and private sector recognizing its importance in the battle against social problems, especially in the traditionally poorer rural areas. Only one-third of young people enrol for higher education and the teaching of foreign languages is far from widespread, with relatively few Brazilians fluent in languages like English.

Initiatives to raise education standards are well under way, however. They include mandatory high school from 2016, minimum funding for basic education, and monitoring of national public education.

With revenues of more than $1 billion per year and a presence in 10 countries including China, Colombia, Japan, Mexico, Portugal and the U.S., Wizard Languages, part of the Multi Holding Group, is a leading provider of English-language services in Brazil and is now looking to expand into European and Middle Eastern markets. The largest chain of language-teaching franchises in Brazil, Wizard was founded by entrepreneur Carlos Wizard Martins in São Paulo state in 1987.

The company, which now has 1,200 school franchises employing more than 15,000 people, attracts 1.4 million
students of all ages per year. Besides English, Wizard offers Chinese, French, German, Italian, Japanese, Portuguese and Spanish for foreigners. Leading Brazilian bank Itaú recently purchased a stake in Multi Group, and Martins expects a stock market flotation in the future.

“My dream is to turn Brazil into a bilingual country,” says Martins. “Only two per cent of the population speak a second language; for a country that is projected to be the fifth-largest economy in the coming years, we cannot accept only two per cent. Wizard’s main objective is to become a language solution for corporations, government or individuals in as many cultures as possible.”

Martins applauds new language-based initiatives such as the English-language-learning drive launched by officials in Rio de Janeiro as the city prepares for the arrival of millions of Olympic Games spectators in 2016.

“It’s the right time for investors, entrepreneurs and those interested in international expansion to come to Brazil,” he says. “I believe this increased momentum will continue for the next 10 years.”

Instituto de Educação Superior de Brasília (IESB) is a leading further education institute based in the country’s capital. Founded in the mid-1990s, IESB’s philosophy is innovation, technology, group research and the provision of productive and efficient learning and studying environments.

The university offers a wide range of graduate courses, some of which are available at both its campuses. “IESB is synonymous with excellence,” says the university’s general director, Eda C. B. Machado de Souza.

Far and away the most technologically advanced country in Latin America, Brazil is also the seventh-largest domestic Information and Communications Technology (ICT) market in the world, earning revenues of $165.7 billion in 2010. The sector’s heartbeat is in São Paulo, where hundreds of small, medium and large companies use world-class platforms and the latest hardware and software.

“Technology is the soul of the city of São Paulo’s development.”
Gilberto Kassab, Mayor, City of São Paulo

City Mayor Gilberto Kassab says the municipality is leading by example as it recently implemented “Internet e-points” at bus stops. “Technology is the soul of the city’s development,” he states.

One such success story is Itautec. The technological division of the Itaúsa group—one of Brazil’s largest conglomerates—was founded in 1979 and now boasts an annual turnover of around $1.1 billion.

Since its creation, the company has developed new technologies and solutions in conjunction with domestic and international partners, and has operations in Argentina, Brazil, Mexico, Portugal, Spain and the U.S.
arriving in South America pass through São Paulo—the city is extremely well connected and hosts thousands of conferences, industry and cultural events in fashion, health care and medicine, mining, oil and gas, construction, sport, automobile manufacturing and travel and tourism.

Spearheading the local tourism drive is São Paulo Turismo (SP Turis), a mixed-economy company that manages the Anhembi Park Convention Center and organizes the Grand Prix of Formula 1 and Formula Indy races, and more than 1,200 other events per year, including another colorful carnival. Run under the jurisdiction of the Secretary of Tourism with the help of the private sector, the agency is more than just a manager of public spaces with the group participating in trade fairs and congresses around the world.

“We have 90,000 events a year, which equates to an event every six minutes. The city is extremely dynamic and life focuses on business, commerce, events and culture,” states SP Turis president, Caio Luiz de Carvalho. “Mayor Gilberto Kassab is positioning São Paulo as a global and creative metropolis whose culture is its greatest economic value. We are investing $30 million in promoting the city.”

São Paulo will play a major role in the 2014 FIFA World Cup, with the city hosting the opening match and several other games that are expected to attract an estimated 300,000 fans that will stay at its many hotels and use its metro network and pool of 33,500 taxis and 15,000 buses. “I would like to see São Paulo recognized as a diverse city of opportunities,” Carvalho says. “If it were a country, it would be one of the richest in the world.”

Shaped like a boat’s hull, the visually stunning Hotel Unique is one of the few luxury hotels in São Paulo, located close to the city’s natural oasis, Ibirapuera Park. With less than 100 rooms, the exclusive hotel offers a personal service appreciated by its mainly corporate clientele, while its 2,000 sq. m. of event space is used for everything from weddings and fashion shows to TV programs. Guests can enjoy international cuisine at the Unique’s award-winning roof-top restaurant, Sky Bar.

Located 3,000kms from São Paulo in the north-east state of Ceará, the sun-soaked city of Fortaleza is a popular tourist destination, with its beaches, favorable climate, excellent nightlife and shops supporting a rich culture, great gastronomy and natural beauty. Known as Brazil’s laughter capital, thanks to its reputation for producing top comedians, Fortaleza sends the vast majority of its two million annual visitors home with a smile.

Fortaleza’s Secretary of Tourism, Moacir Soares, is committed to the sustainable development of tourist-related infrastructure, products and employment opportunities. “The flow of tourists is growing stronger than ever and we are investing in new infrastructure like aquariums and a convention center, and redeveloping the seashore and the downtown areas,” Soares says. “We are also investing in the workforce. Tourism has a key role to play in boosting the city’s economic and social development and the best conditions to become a globally competitive tourist destination.”
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a total area of more than 8.5 million sq. km., a diverse climate and huge population, Brazil's transport systems and logistics networks play an integral part in the country's socioeconomic development and wellbeing.

In recent years, the federal government has pledged investment up to $20 billion for scores of projects that will greatly improve urban mobility through integrated transportation programs like more efficient bus, metro and light rail systems, as well as new roads, bridges, tunnels and cycle paths. Ahead of the two major sporting spectacles in 2014 and 2016 and the anticipated influx of international visitors and media, domestic and international airports throughout the country are being renovated and upgraded. Authorities are also improving ground transportation links between cities and towns. Given the country's size, roads are the primary method of passenger and freight transportation in Brazil, following decades of under-investment in rail infrastructure and rolling stock by the public and private sectors.

With a vast coastline and dozens of ports, the country also serves as a key gateway and exit point for trade and goods from surrounding countries.

MAN Latin America is Brazil's largest truck manufacturer and the market leader for trucks of at least five tons since 2003. The company has a 30 per cent share of the market, producing approximately 70,000 trucks per year, and its flexible and innovative business strategy has kept the firm in the fast lane. The company's revolutionary production concept sees its vehicles built by suppliers, with MAN responsible for product development and after-sales services.

MAN's successful and sustainable business model is built on the four core pillars of an in-house engineering base providing the right product for the right country; original production concept, whereby the supplier assembles the vehicles for MAN; an excellent dealer network with quality after-sales support; and dual brand concept with Volkswagen, which will see two new brands launched soon.

"When you are going through good times you benefit if you are flexible and have your suppliers with you to share costs, while in the bad times you can minimize the impact and overcome the crisis in a very healthy manner," says MAN Latin America's president and CEO, António Roberto Cortés.

Turning to the firm's unique business model and competitive advantages, the industry veteran says the "revolutionary production concept" is behind its successful product development. "We have developed the best product for this region of the world, considering the infrastructure, the quality of the road, the necessities and the city peculiarities. In addition, we also make tailor-made products."

He continues: “The last time Brazil invested heavily in infrastructure was in the 1970s, but this is now changing and 2010 to 2020 will be the decade of investment in that area. At the moment there are around 10,000 construction projects taking place across the country. Brazil's truck fleet is, on average, 18 years older than those in Europe and the U.S., so on top of the general economic growth, there will be a renovation of these old fleets over the next 10 years.”

With inflation under control and interest rates likely to be reduced, truck owners will have greater access to credit, and the sector faces a bright future, Cortés says. He is not restricting his ambitions to domestic growth, however, as economies in other Latin American countries are performing well.

“For us, first comes Brazil and then Argentina. We have been in Argentina for a long time and are one of the top brands there. We also have operations in Mexico where there is huge potential, and are also looking at restarting exports to Africa and expanding to countries in the Middle East. We also want to enter Brazil’s ‘extra-heavy’ truck segment.”

Vote Of Confidence

In a clear vote of confidence, Cortés believes Brazil is definitely the right place in which to invest because it has political, economic and social stability. “MAN is very satisfied with its investments in Brazil and Latin America—perhaps we can be the example for other companies that are thinking of investing here,” he says.

The scale of the nationwide infrastructure-creation program currently taking place in Brazil cannot be underestimated.
While the international media spotlight has inevitably fallen on work on the new stadiums for the FIFA World Cup and Olympic Games, major civil engineering projects are also taking place. Power plants, housing, sewerage systems, ports, offices, shopping centers, industrial units, universities and hotels are springing up at a rapid rate.

As Vice President, Michel Temer, says: “Our capital Brasília was built in just three years and we still have three years to build the stadiums and infrastructure for the 2014 FIFA World Cup. At this point it is all in an advanced stage. The government is committed and we have the support from Congress. Brazil will invest without harming the economy of the country.”

With more than 30 years’ experience, privately held heavy-duty and civil construction firm OAS SA serves both public and private clients, offering a range of services, such as engineering, planning, execution, works management and concessions, for the power, sanitation, transportation, and infrastructure industries. The group, which grew out of Construtora SA, now a subsidiary, has developed projects in numerous Latin American countries and has over 100 projects in Brazil, and operations in Angola, Equatorial Guinea and Mozambique.

Last year, OAS’s revenues exceeded $2.7 billion. It employs more than 52,000 people. Current projects include UHE Estreito (a major hydro-electric power plant), the expansion of the São Paulo metro system, and the new export-oriented transhipment hub at Porto Maravilha in Rio de Janeiro state.

“We expect to achieve total revenues of $3.9 billion this year and reach $7.2 billion by 2014,” says OAS president César Mata Pires, who runs the group with sons César Mata Pires Filho and António Carlos Mata Pires. “We are well structured, young and energetic. We want to be involved in everything: energy, metros, airports and so on.”

César Filho adds: “OAS Engenharia SA provides services and OAS Investimentos SA has a solid real estate segment. Although many projects are abroad, we are developing Brazil and taking Brazilian technology to other countries. Our strategic international position is very relevant.”

Far away from the dark clouds that continue to gather over economies in Europe and the U.S., Brazil remains an investment hotspot with impressive growth and a dynamic investment climate that will soon be showcased to the wider world. Inflation is under control, public- and private-sector spending is strong and increasing numbers of international investors chasing rich returns on their FDI are beating a path to an ambitious and stable country that promises so much in so many sectors and areas.
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