

# Brazil Buzz!

Business news and updates for opportunity seekers



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## OCTOBER 31ST

### FOREX QUOTES:

USD-BRL 2.461

USD-GBP 0.625

USD-EUR 0.796

USD-KRW 1072

USD-JPY 110.95

USD-CNY 6.137

## President Dilma Rousseff reelected to second term

Brazilian president Dilma Rousseff was reelected in October to a second four-year term at the helm of South America's largest economy.

After a grueling campaign that saw countless swings in the polls between the three leading candidates, the incumbent Rousseff was able to retain Brazil's highest executive office after a narrow victory in the second round runoff vote.

The first round of the elections, held on October 5, pitted the president against two strong challengers in Aecio Neves and Marina Silva. After Ms. Silva's strong wave of support subsided shortly

before the first round, she finished third to Mr. Neves and Ms. Rousseff.

The Second round then followed on October 26, with the sitting president narrowly defeating the remaining opposition candidate, Mr. Neves.

Upon being declared the victor, President Rousseff underlined the importance of a large reform agenda, cognizant of her waning support and weak mandate after a close election.

Markets and exchange rates were volatile during the election, but if the past is any indicator, will stabilize now the campaign season has ended.

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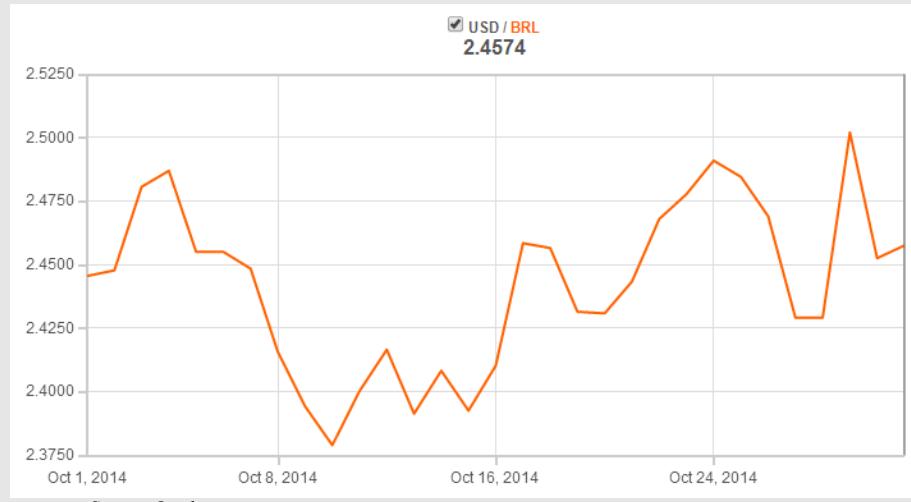
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## Exchange Rate News

The Brazilian real (BRL) was volatile over the month of October with respect to the dollar (USD), in part because of uncertainty over the presidential elections. Nevertheless, the BRL ended October at roughly the same level as the beginning of the month, near 2.45 reais per dollar.



Source: Oanda

## Brazil Buzz!

### Foreign tech firms setting up in Brazil in response to smartphone growth



Source: Flickr Creative Commons, Maurizio Pesce

Foreign tech firms are opening operations around Brazil to serve domestic smartphone component markets and other growing tech supply chains.

American firm MDC, for example, opened its new mobile data centers factory in Manaus, in the northern Brazilian state of Amazonia.

The factory will be based in the Manaus free economic zone, and will contribute to an expected annual revenue stream of 200 million reais by 2017.

Israeli company Cellebrite, which provides solutions for wireless devices, opened an office in Sao Paulo, the firm's first subsidiary in Latin America.

Raisecom, a Chinese firm, is already bringing in substantial revenue from its Brazilian operations, and Dali Wireless, an American company, plans to open its first factory and sales points in Brazil within 2 years.

"DEMAND FOR BROADBAND IS ALWAYS HIGH [IN BRAZIL], ESPECIALLY WITH THE GROWING USE OF SMARTPHONES AND VIDEO TRANSMISSION."

- Dario Zipris,  
President of  
Raisecon Brasil

### SAB Miller and Grupo Petropolis reach joint distribution agreement

Multinational beer maker SAB Miller reached an agreement with Brazil's second largest beer company, Grupo Petropolis, to jointly produce and distribute within Brazil.

The agreement will facilitate SAB Miller's entry to further areas of Brazil beyond major population centers.

Grupo Petropolis, which makes popular brands such as Itaipava beer, already has an established market, pro-

duction capacity, and distribution network in the country, from which Miller and other brands under the SAB Miller company will presumably benefit.

Another multinational, Ambev, currently dominates the Brazilian beer market, with roughly 68 percent market share. By working with Petropolis on the company's home turf, the group hopes to gain better access to a growing consumer base.



Source: Flickr Creative Commons, Mark Hillary

## Brazil leading in helicopter repair business

"WE HAVE ANOTHER FIVE [HELICOPTERS] ON THE ASSEMBLY LINE READY TO BE DELIVERED TO THE AIR FORCE."

- Helibras Vice President of Support and Services Flavio Pires

Helibras, a Brazil-based subsidiary of Airbus Helicopters, is helping to turn Brazil into a center for helicopter repair.

Along with France, Brazil was one of the main sites where parts are being produced for 260 helicopters currently undergoing retrofits for safety concerns.

The initiative will see to the repair of many regional Airbus helicopters of concern, tended to by Helibras services and fitted with parts produced in Brazil.

Brazil already counts a booming aerospace industry as its own, with national giant Embraer supplying to many regional commercial carriers and competing globally with the leading jet manufacturers for contracts across the globe. With military capabilities as well, Embraer is normally thought of as the core of the Brazilian aerospace industry.

With improved repair services and component manufacturing by Helibras however, Brazil is presented with the prospect of a diversifying and expanding aerospace industry base.

## International flights in September show strongest demand in 10 years

Demand for international and domestic flights showed strong growth in recent months, surpassing expectations for the airline sector.

Demand for international flights grew 8.7 percent in September over the same month in 2013, and representing the strongest demand growth seen in the past decade.

The supply of flights offered

by Brazilian airlines grew 1.9 percent on the same basis.

The number of passengers on Brazilian carriers to international destinations topped 541,000 in September as well, representing the largest number in the past decade.

Growth this year has been strong overall for the airline industry, which through September improved 4.4 percent over 2013.



Source: Flickr Creative Commons, Denni Williams

## Audi to produce flex fuel motors at Volkswagen Sao Paulo factory

German automaker Volkswagen's Sao Paulo factory will produce Audi flex engines, according to company executives.

The engines will be produced for the A3, which was the first model to be assembled at the Audi factory in Paraná.

The Paraná factory, which is shared with

Volkswagen assembly lines as well, will receive 500 million reais for adapting to the assembly of new models and revamping production.

Audi's executive in Brazil mentioned that the company's plans will not change with the result of the presidential election, and that he hopes the reelected Dilma Rousseff will maintain the auto industry's incentives and tax breaks.

## **Brazilian car purchases projected to nearly double by 2034**

The Brazilian car market is projected to almost double in the next two decades, according to a study released by Anfavea, a Brazil-based trade group.

The study estimates that from the current annual sales level in Brazil of roughly 3.6 million vehicles, demand will rise to 6.9 million in 2034.

Low rates of vehicle ownership in the country

are highlighted as one of the primary reasons to believe demand has a long way to rise, as a growing middle class quickly enters income brackets where automobile purchases are more feasible and expected.

The auto industry has blossomed in Brazil in recent years, benefiting from progressively more favorable tax regimes and an improved supply chain of parts suppliers and boosted domestic production.

English Language news sources for Brazilian news:

<http://www1.folha.uol.com.br/internacional/en/>  
<http://thebrazilianeconomy.com/>

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## BRAZIL TRADE SHOWS AND EXPOS, NOVEMBER 2014

November 4-7: [SC TRADE SHOW](#) (shoes, bags and accessories)  
November 4-7: [MECPLAST](#) (plastics, rubber products, tools)  
November 4-7: [MECMINAS](#) (machinery, tools, industrial equipment)  
November 11-13: [AGROCAMPO](#) (agribusiness)  
November 11-13: [FIMAI](#) (environmental consulting, sustainability, waste management, recycling systems, etc.)  
November 11-14: [FEIPPETRO](#) (oil and gas)  
November 17-20: [EXPOSIBRAM AMAZONIA](#) (mining)  
November 27-29: [HORTFRUTEC](#) (agribusiness technology)

## BRAZIL TRADE SHOWS AND EXPOS, DECEMBER 2014

December 16-20: [FENAIUC](#) (fashion, accessories)

## BRAZIL TRADE SHOWS AND EXPOS, JANUARY 2015

January 11-14 : [SÃO PAULO PRÊT À PORTER](#) (fashion and accessories)  
January 11-14: [COUROMODA](#) (footwear & leather goods)  
February 3-6: [VITORIA STONE FAIR](#) (Construction equipment and machinery, masonry)

## Brazil Business News Headlines

<b>BMW officially opens new factory in Santa Catarina state</b>	German automaker BMW opened the doors to its factory near the city of Joinville, in Santa Catarina state. The factory received 600 million reais in investments and is expected to have a production capacity of 32,000 vehicles per year.
<b>Study points to Brazil as largest future executive jet market</b>	An annual market study by Honeywell of the demand for executive jets projects that Brazil will be the largest purchaser by country in 2024. The company estimates that in the 10-year period from 2014-2024, Brazil will correspond to 44 percent of the demand from Latin America.
<b>Sugar cooperative Coopeavi opens new factory in Espirito Santo</b>	Brazilian sugar producer Coopeavi opened a new factory in Baixo Guandu, in the southeastern state of Espirito Santo. The factory received 10 million reais in investments, and will expand production of bovine feed by the cooperative to 5,000 tons per month.
<b>Nestle boasts good performance in variety of Brazilian product lines</b>	Nestle, the world's largest food company, reported that all segments of its food business in Brazil were continuing to show steady growth and promising performance. The company noted its strongest product lines were in cookies, candy, and milk.
<b>Honda announces fourth model to be produced in Brazil</b>	Japanese automaker Honda will introduce its fourth model of vehicle to be produced in Brazil. The HR-V is expected to be assembled at Honda's Sumare factory in Sao Paulo, with production capacity of 50,000 vehicles per year beginning in 2015.
<b>Havanna expands in Brazil with new store locations</b>	Havanna, the largest producer of Argentina's famed alfajor sweets, announced plans to expand further in Brazil, opening nearly 300 additional storefronts in its South American neighbor. There are currently only 28 locations in Brazil. The added locations are expected to open within 5 years.
<b>Volkswagen reaches 9 million motors produced in Sao Carlos factory</b>	Volkswagen produced its 9th million vehicle from its Sao Carlos factory in Sao Paulo state, which has been operational for 18 years. The factory has been the focus of efficiency initiatives, with a current goal of reducing water and electricity use 25 percent by 2018.
<b>Wineries expand and invest in Brazilian South</b>	Brazilian wineries in the south of the country are betting on a suitable climate and topography in Rio Grande do Sul state. The area, which shares a similar climate with Uruguay, did not historically compete significantly with Uruguayan and Argentine production.
<b>iPhone 6 due to arrive in Brazil in mid-November</b>	Brazilian consumers will have access to the new iPhone 6 as of November 14th, with high demand expected despite a higher retail price than in the U.S.
<b>GE Celma to produce aerospace parts for export to China</b>	GE Celma, a Brazilian aviation subsidiary of American multinational GE, will produce military parts for export to China. The company previously focused on maintenance and repair for the Brazilian aerospace industry, but is expanding to international markets for supplying parts starting next year.
<b>Delta Airlines to expand routes to Latin America, including Brazil</b>	U.S.-based carrier Delta Airlines announced intentions to expand its number of routes serving Latin America. The airline already flies direct to Rio de Janeiro, Brasilia, and has three routes to Sao Paulo
<b>Brazilian Air Force reaches agreement to buy Swedish fighters</b>	The Brazilian Air Force will pay roughly US\$5.4 billion in a contract to purchase 36 fighters from Sweden's Saab. The supersonic Gripen NG was selected by the Brazilian government last year.

## Culture Corner

### Quentão Recipe

1 1/2 cups of sugar  
 1 1/2 cups of water  
 1/4 cup of thinly sliced ginger  
 3 sliced limes  
 4 cups of cachaça (Brazilian rum)  
 3 cloves  
 2 cinnamon sticks

**Steps:**  
 Carmelize sugar.  
 Add remaining ingredients, minus the cachaça, and mix and dissolve.  
 Mix in cachaça and simmer on low heat for 3 minutes.  
 Strain through sieve or colander.

Serve hot with cinnamon sticks



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