

Clockwise - James May/Stock Connection; Brand X Pictures/ Paul Edmondson; Corbis; Reed Kaestner/Corbis; Image Source Pink; Jupiter Images/Corbis



BRAZIL

confidence is the keyword

Despite the global economic gloom, this Latin American giant is enjoying growing prosperity, tax cuts and increased productivity.

Brazil, land of the samba, Sugar Loaf Mountain and Copacabana beach, is also distinguishing itself in the midst of the worldwide financial crisis by the resilience of its economic performance.

In the face of the global slowdown, the Brazilian economy is predicted to grow this year by a relatively respectable 2.5%. Last year, the South American nation achieved the notable feat of being the least affected by the international economic downturn.

Although business activity in Brazil slowed gradually through the last six months of 2008, its economy maintained an overall growth rate estimated at 5.2%. This was a more substantial performance than that of any of the world's most developed economies.

Significantly, domestic demand, rather than exports, has been the main driver of Brazil's growth. While highly unequal income distribution continues to be a major problem in this nation of almost 200 million people, it is the country's burgeoning middle class that has fueled the economy's expansion.

The highest-earning 10% of the population comprises 20 million people, and households with an annual disposable income of more than US\$7,500 increased from 42.7% to 57.1% between 2005 and 2007.

For the first time in a generation, Brazilians have been benefiting from stable economic growth, low inflation rates and improvements in their social well-being.

Continued on next page »

BANRISUL. A LOCAL BANK WITH A GLOBAL VISION.



Banrisul, Rio Grande do Sul State Bank, has built a great history during the course of its 80 years. So remarkable that it was chosen as Brazil's Best Public Bank in 2007. This award is the recognition of a structured, competitive and modern management model. Banrisul currently represents the vanguard of IT, because it provides products and services with high security and reliability levels. That is how a local Bank with a global vision advances and makes the lives of millions of customers easier.



Banrisul

BANCO DO ESTADO DO RIO GRANDE DO SUL S.A.

Continued from previous page

Determined to maintain domestic consumer confidence in the face of a global crisis that will reduce the country's exports, President Luiz Inácio Lula da Silva's government has cut personal taxes and the tax on industrial products by \$3.6 billion.

At the bottom end of the affluence scale, the government has announced plans to extend its aid program to 2 million more poor families, bringing the total number of families receiving financial assistance to 13 million.

Fortunately, the Brazilian economy is widely diversified, and the agriculture sector, which feeds the nation, continues to thrive.

"Brazil can afford to be self-sufficient in almost all agricultural products," says Reinhold Stephanes, the minister of agricul-

ture. "The agriculture sector has grown over the past year by an average of 5% annually, and everything indicates that we can grow at the same rate for the next 20 years." Almost 75% of that growth is due to increased productivity, he says.

Production of ethanol from sugarcane will be doubled in the next eight years on specially zoned pastureland so as not to interfere with food production.

The other good news is that the government plans to reduce the deforestation of the Amazon rainforest by 70% over the next decade. This should prevent the pumping of 4.8 billion tons of carbon dioxide into the atmosphere – more than the combined commitment of reductions promised by the industrialized nations under the 1997 Kyoto Protocol. ♦

By Michael Knipe

A Healthy Bank Balance

Brazil's financial sector has learned from experience.

Brazil has more than a hundred banks, and in contrast to the situation in other Latin American countries, most of them are locally owned. Although two of the country's biggest financial institutions, Itaú and Unibanco, merged in November 2008 and further consolidation of the banking sector is expected in 2009, Brazil's local banks continue to enjoy good reputations. They are known for the efficiency of their management and the high standards of their facilities and technological equipment.

They have had little exposure to the subprime crisis and, as a consequence of high levels of inflation and instability in the past, they have developed sophisticated modern systems of operation.

One of the leading state banks, Banrisul, the largest in southern Brazil, underwent an initial public offering (IPO) two years ago that boosted its capital by \$874.9 million while generating \$568.7 million for the state of Rio Grande do Sul.

The bank used the revenue to expand its credit operations and invested in increasing and updating its information technology. "Our bank is a leader in banking technology," says Fernando Guerreiro de Lemos, Banrisul's president. "Our Internet banking is effectively the most advanced in Brazil."

Following the IPO, the bank's equity rose by 115% to \$1.18 billion, and its total assets reached more than \$8.8 billion, an increase of more than 30% over the \$6.8 billion recorded in December 2006. Banrisul reduced its operating costs by 19%, and the volume of business per employee increased by 23%.

Banrisul handles 97% of the banking market in Rio Grande do Sul, and more than 25% of the state's GDP is channeled through its branches. The bank is effectively the tenth-largest financial institution in Brazil. With nearly 3 million customers, it returned a net profit of \$196.4 million in 2007, an increase of 153% over the previous year.

Guerreiro de Lemos says Banrisul will continue to grow within its immediate customer base and is expanding into the neighboring state of Santa Catarina. "We are opening ten more branches there," he says. "Our aim is to become the largest regional bank."

Another notable institution is the Banco do Nordeste do Brasil (BNB), which manages CrediAmigo, the largest micro-credit program in South America and the second largest in Latin America. Through this program the bank has lent more than \$655.6 million to small-scale entrepreneurs. ♦

A Growth Market

Foreign investors have found fortune in Brazil, but now successful local companies are seeking expansion at home and abroad.

With a wealthy class estimated to number 20 million and an increasing middle class of consumers, Brazil has become a magnet for direct foreign investment.

While companies such as ThyssenKrupp of Germany, Baosteel of China, Hyundai of South Korea, Suzuki of Japan and several U.S. hotel chains have established a profitable presence in the country, the economic growth over the last seven years has also been a blessing for a wide range of long-standing Brazilian companies.

One of these, the Ypióca Group, began cultivating sugarcane and producing *cachaça*, the Brazilian liquor distilled from unrefined sugarcane juice, in 1846.

Now run by the fourth generation of the family that founded the business, Ypióca has become a conglomerate

of seven companies encompassing paper, cardboard and mineral water packaging, bottle manufacturing, farming, logistics and marketing, as well as *cachaça* production.

"We are the only 100% Brazilian group that has been in existence for 163 years under the control of the same family," says Everardo Telles, the Ypióca Group president.

He emphasizes that the group is not restricted to family members and is open to competent outsiders. He explains, however, that in the Brazilian beverage sector the

most traditional brands are managed by families who preserve the secrecy of their production methods.

"The company has learned and grown, generation after generation, and Ypióca has the identity of the family," he says. Today, the group's companies generate more than 20,000 jobs, both directly and indirectly.


Telles says Ypióca is always seeking better varieties of sugarcane and subproducts for cane. It is continuing to diversify and plans to begin beef and veal processing. The group exports 5% of its output, mainly to Spain, Portugal and Germany, and is planning to send export managers to the U.S. and Japan to open up the markets there.

Another homegrown company of note is M. Dias Branco, the country's leader in both volume and sales in the cracker and cookie market, as well as the pasta sector.

The company has 12 factories, sells its products throughout the country and is responsible for 20% of the market in each of the sectors it serves. "We have experienced growth because of the improvement in the purchasing power of the population," says Francisco Ivens de Sá Dias Branco, the company president. His father, Manuel, started the business in 1927, and Francisco joined as a young man in 1953.

M. Dias Branco invests more than

\$437,000 a year in its 17 research and analysis centers, which develop new products. "You cannot be isolated from international developments, because the customer is more demanding," says Dias Branco. "So we want to produce here all the best products made in the U.S. and Europe."

Demonstrating the private sector's commitment to social responsibility efforts, M. Dias Branco, which employs more than 13,000, attaches great importance to its social and human relationships with the wider community as well as its employees. 



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Director: Lucas Montes de Oca; **Managing Editor:** Beverley Blythe; **Editor:** Michael Knipe
Art Director: Lisa Pampillonio

Project Managers: Florence Lilti, Mathew Harris, Samantha Lewis and Jorge Maraima

Project Development: Charlotte Saint-Arroman; **Commercial Director:** Carolina Mateo

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The Green Shoots of Recovery

Philippe Giraud/Goodbook Pictures/Corbis

Huge infrastructure projects and initiatives to restock the rainforest are some of the public-private partnerships emerging from the regeneration of Brazil's regions.

State governments in the north and north-east regions of Brazil are investing ambitiously in infrastructure projects and opening their doors to international investors.

These two regions extend more than 2,500 miles across the country – from the western border with Peru through the Amazon rainforest to the eastern seaboard – and offer a wealth of entrepreneurial opportunities in trade and tourism.



Ricardo Junqueira / Alamy

Rio Grande do Norte, the country's most easterly state, is about to build an airport that will be the largest cargo terminal in Latin America, with the capacity to receive up to 40 million passengers a year.

Pará, the neighboring state to the west, provides a gateway to the Amazon basin and is planning a tree-planting campaign to combat the deforestation of the rainforest.

Wilma Maria de Faria, the governor of Rio Grande do Norte, says the next four years will see a huge generation of investment in the state infrastructure through public-private partnerships.



Photo: Ramos, sponsored by the Government of Rio Grande do Norte

In addition to the airport, the federal government is investing in a major natural-gas-to-chemicals project in Rio Grande do Norte, and a bridge has been built to link the two districts of Natal, the state capital.

Other projects include improvements to the city's port facilities and the construction of new highways, a convention center and additional facilities for the tourism and business sectors. It is estimated that these projects involve investments totaling \$6.5 billion.

"The bridge is now a monument to the city," says Governor Faria, adding that the attraction of the convention center has doubled tourism numbers.

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Brazil, Rio Grande do Norte has 250 miles of coast, lined with popular beaches. Thanks to the winds of the South Atlantic, it boasts air that is second only to the Antarctic's in its purity, and sand dunes that reach 160 feet in height.

"Our GDP is the highest in the northeast region and above the Brazilian average," says de Faria. "But despite this, we have to combat poverty, and this is a big challenge for us."

Besides tourism, the state has a flourishing business in fruit, shrimp farming, bee-keeping, tuna fishing, mining, cement and textile production. Nevertheless, the governor says, plenty of opportunities remain open for investment, and there is a business center to explain what incentives are available.

In Brazil's northern region, Pará, the country's second-largest state with a population of 5 million, major investment projects include a \$3.5 billion steel mill, a power plant and port expansions.

Belém, the state capital, sits on the delta of the Amazon River about 80 miles inland from the Atlantic. It is the main port for river traffic and for the country's capital, Brasília, more than 1,200 miles inland.

The rainforest and its people are at the

heart of the state's economy. "It is not enough to say that deforestation is not good," says Ana Júlia Carepa, the governor of Pará. "To combat deforestation, the people who live in the Amazon have to have a profitable economic activity."

To promote the sustainable development of the rainforest dwellers, a new program is providing a line of credit to enable smallholders to plant cash-crop trees. They will not have to repay the loans until six months after they've sold the timber from a maximum of 20% of the first generation of trees. More than 20,000 families are involved in the project, and the target is to plant one billion trees in five years.

"This project is truly innovative," says Governor Carepa. "It encourages a different economy here in the Amazon, saving



Paulo Fridman/Corbis



Martinho Pereira/Corbis

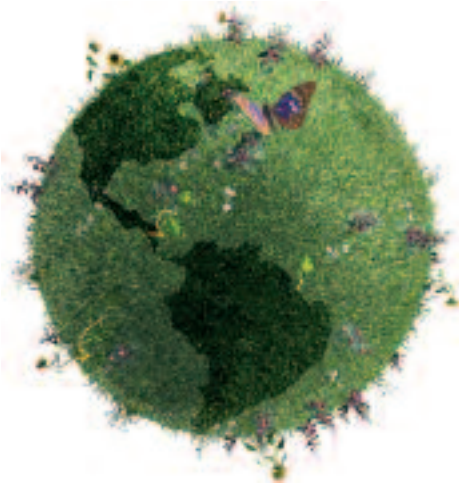
the forest and helping people improve the quality of their lives."

Pará is promoting its tourist attractions as far away as China.

The growth-acceleration program initiated by Brazilian President Luiz Inácio Lula da Silva has been the driving force behind much of Pará's infrastructure work, including the expansion of the port of Vila do Conde and the plan to build a port at Marabá, a town 300 miles upstream from Belém. And the government is offering incentives to invest in the state to private companies that can generate employment while respecting the environment. ❖

From left to right:
Mangal das Garças park, Belém; City hall, Natal; New bridge linking Natal to northern beaches; Park in the city of Belém; Vero Peso Market, Belém.

As the Government of Pará sows, so shall the planet reap.



One billion trees to the Amazon.

How to balance environmental conservation, social justice and economic development? The Government of the State of Pará has the answer to that. Its State Forest Regeneration Program ensures long-term sustainability by making reforestation a profitable activity.

The "One Billion Trees to the Amazon" project was launched earlier this year and is expected to stay in place over the coming years, with enormous environmental benefits. It is estimated that the trees planted through the project will store about 100 million tonnes of carbon, bringing the State of Pará and its State Plan on Climate Change, focused on the concession of carbon credits, into prominence among the initiatives of the Ministry of Environment.

Its plan is to encourage the planting of native species, especially those considered endangered. In a partnership with the Brazilian Forest Service (SFB) and the Brazilian Enterprise for Agricultural Research (Embrapa), the Government of the State of Pará will establish a Native Species Center for Research and

Forest Expansion. This Center is expected to enhance research on Amazonian plants, combining theory and practice for more effective results.

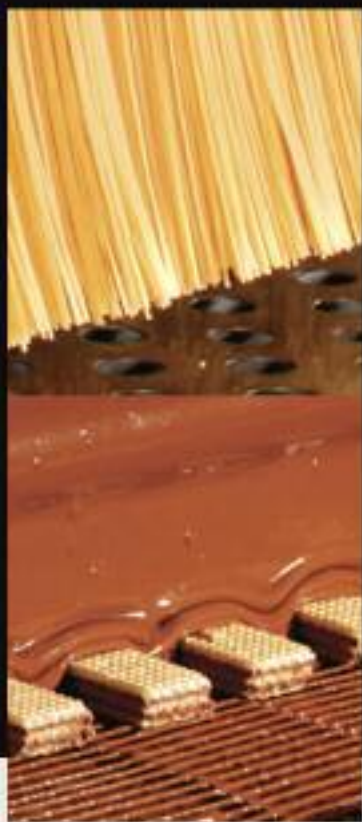
Another of the program's objectives is to develop family-based agriculture by educating households on the guidelines set out under the Economic Environmental Zoning and the Rural Environmental Registration regarding rural land occupation and management. With this, not only will the production of small family farms, traditional communities and indigenous people increase within a forest-agricultural system, but their land and rural settlements will also finally receive official recognition.

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Mixing Business With Pleasure

Beyond offering beautiful beaches, Brazil's southern coasts provide oil and gas – and plans are afoot to build the biggest science technology park in Latin America.

Santa Catarina and Espírito Santo are situated on Brazil's south and southeastern coasts and have benefited economically from their locations.

Santa Catarina, which is about the size of the state of Indiana with a similar-size population of 5 million, is a major industrial and agricultural center and has one of the highest standards of living in the country. Espírito Santo is only half its size, but encompasses some of Brazil's busiest ports.

Although Portuguese fishermen first settled Santa Catarina, the next immigrants to arrive were German and Italian, and influences of all three cultures remain. The state's character is enriched by colonial architecture, fishing villages and traditional craft businesses such as lace making.

Tourism is a dominant element in the economy. The Atlantic coastline is dotted with 40 beaches, some featuring languid lagoons and others with crashing waves that attract surfers. Each beach draws a different clientele, the northern ones appealing to families and others to trendy singles.

Florianópolis, the capital, is located partly on the mainland and partly on a neighboring island that shares the name Santa Catarina with the state. Two bridges connect the city's halves, with business centered chiefly on the mainland and tourism mostly on the island.

Luiz Henrique da Silveira, Santa Catarina's governor, says his state is unique in Brazil because of its system of regional development. "We are the only state not governed from the capital city," he says. In effect, it comprises 36 micro-regions, each with a local council that has the autonomy to choose its areas of development.

"People participate in monthly meetings, which give them greater social control," says

Santa Catarina: Hercilio Luz bridge, Florianópolis; Surfing at Praia Brava, Camboriú; Barra da Lagoa, Ilha de Santa Catarina



the governor. “This is something absolutely new in Brazil and Latin America.”

The state’s scientific sector is high on the economic agenda for further development. The state devotes 2% of its budget to the sector. It has created several technology parks and is planning to build one it aims to make the largest in Latin America.

Efforts are also under way to have UNESCO declare Florianópolis a world biosphere reserve. “It is a certification that will distinguish the city’s ecological standards,” says Governor Silveira.

With or without such distinction, the state capital has a reputation for glamour, fun and efficiency, and holds a strong appeal for tourists and businesspeople alike.

Further up the coast, the discovery of substantial offshore deposits of oil and natural gas has boosted the economy of Espírito Santo. A sliver of land, it has a lively tourist industry and is surrounded by three much larger states, Rio de Janeiro, Minas Gerais and São Paulo.

Espírito Santo’s economy originally focused on its coffee plantations, but it is now Brazil’s largest source of gas, the coun-

try’s second-largest source of oil and the leading exporter of marble and granite.

The state is also active as a processor of limestone for the steel industry with ten plants, including one that is the largest pelletizing complex in the world. Pelletizing is a method of agglomerating materials into pellets. “This is an area of industry that is growing in Espírito Santo and should receive new investments in the coming years,” says Paulo Hartung, the state’s governor.

Espírito Santo: Panoramic view of Vila Velha; Golden lion tamarin, perched on a branch; Muqueca Capixaba, a traditional dish of the region; Pedra Azul Park

Investment in the energy sector has enabled the state to triple local power generation. It is now seeking partners to invest in the road system. “The economy of Espírito Santo is experiencing a good moment,” says the governor. “We have a small budget surplus, which is rare in Brazil.” ❖

Espírito Santo. Open doors to the world.

Espírito Santo is one of the fastest growing states in Brazil. **It is the country’s largest supplier of natural gas and the 2nd largest producer of oil while also boasting strategic logistics and location:** seven ports, railroads, highways, gas pipelines and mineral pipelines.

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The superb attractions of Santa Catarina and its capital Florianópolis will be brought to international attention when the state hosts a Global Travel & Tourism Summit in May.

Travel and tourism industry specialists from all over the world will gather in Florianópolis and discover firsthand why Santa Catarina, with its lagoons, lush greenery and crashing surf beaches, is widely regarded among well-travelled visitors as the most beautiful state in Brazil.

Santa Catarina tourism officials believe that, when the visiting travel agents return to their home bases, they will be ideally equipped to endorse the appeal of the state and the city to their clients.

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Where a Woof and a Smile Work Wonders

Brazil's pioneering hospitals allow surgical patients to have relatives stay with them and even welcome pet dogs.



Delivery of Brazil's government-funded healthcare system is hampered by the disparity between rich and poor, the vastness of the country and underfunding. As a consequence, a parallel system of private healthcare serves a quarter of the 200 million population, with public and private patients often treated in the same hospitals.

One of the country's largest and most successful healthcare service providers in this network is Central Nacional Unimed, a cooperative set up ten years ago that now has 106,000 medical practitioners serving 15 million people.

Another notable provider, Hospital Samaritano of São Paulo, one of the country's oldest medical institutions, first opened its doors in 1890. It's now a member of the National Association of Private Hospitals, a group of 36 hospitals distributed throughout Brazil.

Unimed is represented in 377 cities covering 80% of the country. Of the 377 cooperatives, 82 have their own hospitals.

Dr. Mohamad Akl, the president of Unimed, says one of the service's distinctive qualities is its cooperative status. "The doctor who attends the patient is the owner," says Dr. Akl. "This is the differential of the cooperative system."

Dr. Akl believes that foreign companies arriving in Brazil will need to provide medical insurance for their employees, and this will help the Unimed system expand its client base. Last year, he says, there was growth of 18%. Taking into account the

current economic situation, he expects a slower growth of 10% this year but is hoping for more.

Hospital Samaritano's high standard of healthcare is vouchsafed by its accreditation from Joint Commission International, a not-for-profit organization whose certification is recognized worldwide.

Samaritano is strong in neurosurgery, orthopedics, intensive care services, cardiology and bionic ear surgery. "We were the first hospital to bring to the private network the cochlear implant that sends electronic impulses from a computer to the brain," says Dr. José Antônio de Lima, Samaritano's director.

The hospital's other assets are its 19th-century philanthropic traditions, the provision of more nursing staff because nurses are less costly in Brazil than in other countries and, not least, a preparedness to welcome patients' companions.

"Culturally, in Brazil, when you have surgery, a member of your family will be there, sleeping in the room with you," says Dr. Lima. "It is a huge plus. In America you can't do that. In Europe it's very difficult. In Great Britain it's impossible."

Samaritano even has programs that allow patients to have their pet dogs with them. "You know, Brazilians are much more emotional, much more friendly and smiley," Dr. Lima explains. "The whole process of healthcare is completely different and more sympathetic here. The staff wants to hear what your problem is." ♦

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Stake Your Claim

An ecological paradise that wants to encourage investment in manufacturing offers free land and tax incentives.

Its name should be as recognizable as the Amazon. It is larger than New Mexico and is the world's largest freshwater wetland, with an unparalleled variety of flora and fauna. Yet beyond environmental enthusiasts, the Pantanal is little known.

André Puccinelli, the governor of Mato Grosso do Sul, the state in which 70% of the Pantanal is located, intends to challenge this ignorance. And, while publicizing the attributes of his state's ecological paradise, he intends to more clearly establish the identity of Mato Grosso do Sul, often confused with its northern neighbor Mato Grosso, from which the federal government separated it in 1979.

"We are starting an international campaign, distributing DVDs, pictures, books and folders of information about our state and the Pantanal through Brazilian embassies around the world," he says.

Governor Puccinelli has a reputation for getting things done. "When I took office in 2007, the state had a monthly revenue of R\$350 million [US\$153 million] and a deficit of R\$30 million [US\$12.9 million]," he says. "Now we have a monthly revenue of R\$470 million [US\$205.4 million] and a surplus of R\$40 million [US\$17.5 million]."

The state has completed some new infrastructure projects and begun others, and has increased and exceeded its house-building targets, creating work for low-skilled workers.

"We are now the fifth-largest producer of ethanol in the country and by 2015 will be the second largest," says Puccinelli.

The state's economy is based primarily on



Jacques Langoux / Alamy

livestock, grains and forestry. The government is now taking measures to induce investment projects that will add greater value to homegrown resources.

"We produce 10 million tons of grain, 5 million tons of soybeans and more than 3 million tons of corn," says the governor. Yet the state has only one industry based on these products. It also has huge reserves of minerals, but lacks investment in exploration and processing.

"What we need is industrialization to turn iron into final products, process meat and initiate other projects," says Puccinelli. "For such projects the state may give land free of cost."

One of Mato Grosso do Sul's biggest attractions for investment is its land, which it claims is more competitively priced than land anywhere else in Brazil. "And we offer exemption of up to 90% of taxes for initiatives that are lacking in the state," says the governor. ♦

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Opening up the Amazon

Brazil is boosting tourism to save the rainforest and showcase the country's wealth of attractions and almost untouched treasures.

Brazil has declared this year “Destination Amazonia” in an effort to increase the number of tourists visiting the rainforest.

Brazil, along with the governments of the seven other nations bordering the region, believes that the best way to preserve the forest is to take measures to alleviate the poverty of the inhabitants without harming the delicate ecology.

Increasing the numbers of tourists visiting the Amazon is thought to be the answer. It will give the people there a better livelihood than the destructive habits of the past, while extending popular knowledge of the biological and ethnic diversity of the Amazon basin and its global atmospheric significance.

“Tourism offers a great opportunity for regional economic development with environmental sustainability and social inclusion,” says Francisco Ruiz, secretary-general of the Amazon Cooperation Treaty Organization.

Beside the obvious river and jungle explorations, numerous events to attract tourists are planned, including cultural and culinary



festivals, exhibitions and sporting contests.

At present, Brazil, which occupies almost 70% of the region, receives fewer than 30,000 tourist visitors annually to the two states that extend into the Amazon basin, Amazonas and Pará.

Indeed, in spite of Brazil's obvious attractions – glorious beaches along 6,000 miles of coastline, a fascinating indigenous and colonial heritage, and a wealth of cultural diversity – the full economic clout of the international tourism sector has yet to make a substantial impact on the country.

The annual number of tourists is little more than five million, a third of whom head for Rio de Janeiro, and fewer than a million visitors are from the U.S.

Although the number of visitors is relatively small, Jeanine Pires, president of Embratur, the national tourism agency, says that visitors stay longer, an average of 18 or 19 days, visit more cities and spend more money. Its Aquarela tourism plan, introduced in 2005, is designed to promote sun and beach holidays, sports, ecotourism, cul-



ture and business tourism and events.

Furthermore, new airline routes to American cities have been opened and US\$1 billion is being devoted to a tourism development program with the aim of enabling Brazil to compete to host two major sporting events, the World Soccer Cup competition and the summer Olympic Games, both in 2014. ♦

Seeds of Growth

Banco do Nordeste is currently providing 400,000 small-scale business farmers with microcredit facilities and aims to reach a million customers with funding by 2011.

“We are the largest institution providing microcredit in South America,” says Robert Smith, the bank president.

Although it is charged primarily with promoting the sustainable development of the northeast region, the bank has extended its microcredit facilities to the slums of Rio de Janeiro at the request of President Lula da Silva.

Fashion Forward



ModaFusion, the brainchild of French fashion journalist Nadine Gonzalez and Brazilian designer Andrea Fasanello, is attracting the attention of the international fashion press. The Franco-Brazilian association promotes ethical fashion and showcases the creativity of women from the Brazilian slums.

“We are working with French stylists to transform the language of the *favelas* into a fashion design language,” says Gonzalez. “Every year a student from French top fashion schools is chosen to develop a collection for ModaFusion”

Carla Bruni, the wife of President Sarkozy of France, is a patron and wears ModaFusion clothes, while stylists who have worked for the association have gone on to work for luxury brands such as Jean Paul Gauthier Couture and Celine.

ModaFusion's 2009 summer collection features dresses made of knitted fabrics derived from bamboo fiber and others created from recycled plastic. ♦

Brazil's Business Benefactors

How companies with ethical policies help communities and protect the environment



forest over a ten year period, while providing income and improving the health and education of the forest dwellers.

“We are already directing a fairly extensive program of promotion for Curua eucalyptus, a long-grain Amazon plant that can be used to replace plastic,” he says.

Another of Brazil's flagship institutions, Vale, the world's second largest mining company, regards sustainable development as its core duty and says it fulfills this by mining and processing mineral resources in an environmentally responsible manner.

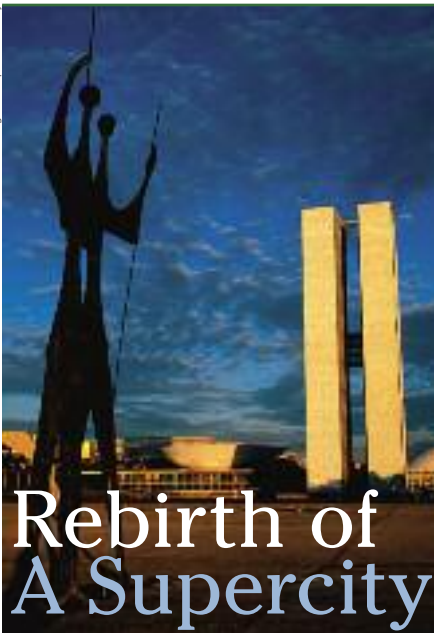
Vale's petrochemical production is achieved by using technology whose emissions are lower than the legal level, even though this involves an extra cost of more than \$50 million, says Demian Fiocca, executive director for management and sustainability.

Vale's social responsibility extends beyond its own mining operations. “We don't mine in China but we have some joint ventures there and have been very engaged in helping the recovery from the recent earthquake,” says Fiocca. “We have donated \$1 million to the Red Cross and around \$400,000 to a non-government organization that works with children in the affected countryside.” ♦

Social responsibility and sustainable development are key strategic factors in the management of Brazil's leading companies.

Grupo Orsa, the country's largest integrated paper and corrugated-cardboard-box producer, has created a philanthropic foundation through which it is planning major projects to fight malaria and conserve the forests in the Amazon Delta.

“In the last ten years, Orsa has invested R\$140 million [US\$58.7m] in our foundation's activities,” says Sergio Antonio Garcia Amoroso, the Orsa president. One of the group's actions, he says, has been to create a company called Orsa Florestal that will develop 845,000 hectares of managed



Rebirth of A Supercity

As Brasilia approaches its first half century, the city governor sets out his plans to inject new life into the capital.

Brasilia, the capital of Brazil and an UNESCO World Heritage site, is preparing to celebrate its 50th anniversary next year.



Futuristic at the time of its creation, the city, more formally known as the Federal District, is now undergoing a massive transformation under the direction of its reformist governor, José Roberto Arruda.

The government invested a sum of \$436.5 million last year and is spending a further \$873.1 million this year. More than a thousand public works have either been completed or are under construction. The city is installing a light rail network at a cost of \$550 million and upgrading the road system.

The government is also making improvements to the infrastructure of poorer areas and undertaking projects in the education, health and safety sectors. “We are invest-

ing to improve life in the city,” says Arruda.

After his appointment in 2007, the new governor imposed a major shake-up of the federal district and its administration. He reduced the number of government departments from 38 to 16, cut staff by half to 8,000 and transferred the administrative headquarters from the city center to Taguatinga, the biggest of the federal district’s 18 satellite cities, shaving millions of reals off the federal district’s budget in the process.

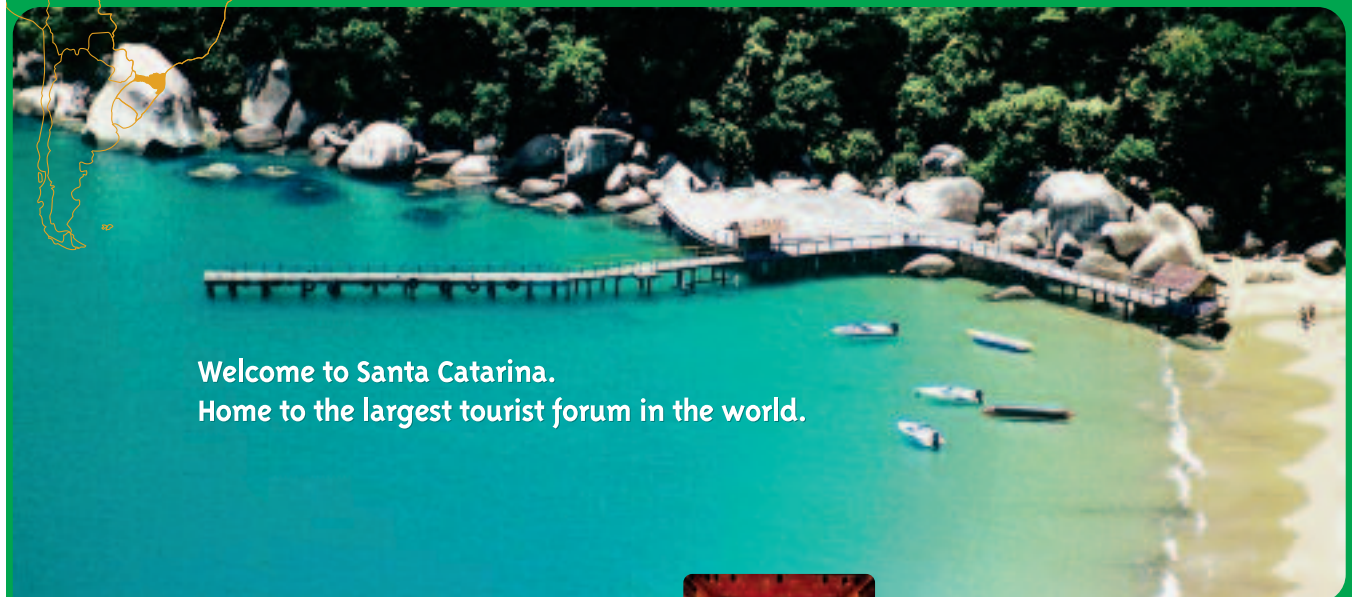
When Lucio Costa and Oscar Niemeyer created it in the 1950s, Brasilia quickly became an icon of architecture and urban planning. But it was designed in an age before traffic jams and for a population of just a half million. Today, it has a population of 2.5 million, plus several thousand visitors a year from the U.S. alone.

“Our biggest problem is that the city has grown over the last 20 years in an undisciplined manner,” says Arruda.

His reforms are reinstating disciplined growth and attracting investment by reducing and simplifying taxes and creating a favorable environment for enterprise. ❖



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