

Business Conference

Brazil in Crisis – Time to Invest?

Zürich,
Monday, 6th of June 2016

Join the conference and learn more from some of the
most knowledgeable professionals in their fields.

General Situation in Brazil

Investments in Brazil have become riskier due to the present economic crisis, political controversy and double-digit inflation. Heavy and complicated tax systems, slow bureaucracy and rigid labor legislation further impede FDIs. Nevertheless, Brazil is still the largest recipient of FDIs in Latin America and the fifth largest in the world. Templeton's Michael Hasenstab recently stated that we've reached a point of maximum pessimism, and that extreme sentiments usually indicate an opportunity.

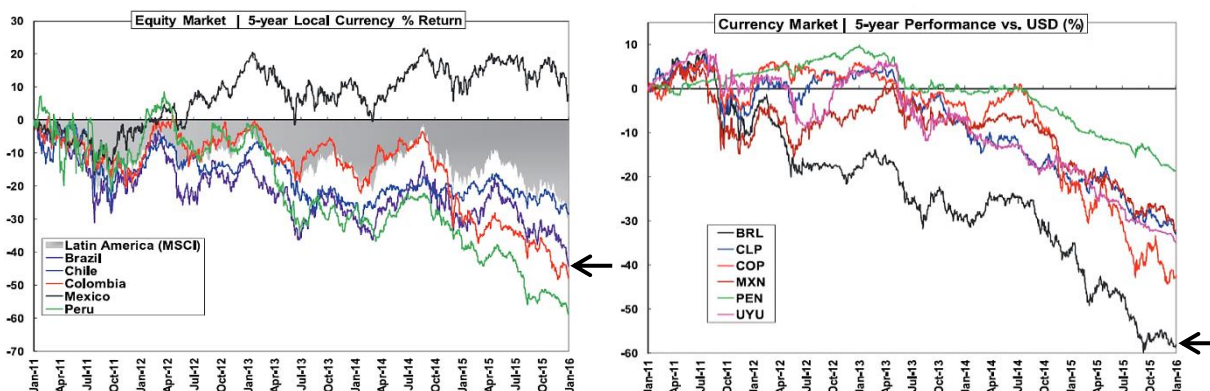
Reasons why Brazil remains attractive to international investors are amongst others:

- 200 million inhabitants, with approx. 100 million belonging to the middle class;
- Easy access to raw materials;
- A diversified economy, less vulnerable to international crises;
- A strategic position allowing access to other Latin American countries;
- New laws that support cross-border M&As.

The main investors in Brazil are the United States and Spain. The sectors attracting most of the foreign investment are: Financial Services, Chemical Industry, Beverage Industry, Oil and Gas Extraction, Telecommunications, Electricity and Gas, Automobile Industry, Metallurgical Industry, Real Estate, Food Industry, Insurance, Healthcare, etc.

Cost Advantages for Swiss Investors

An investor that enters the Brazilian market today saves up to 75% of his capital compared to someone who had invested the same amount in 2011. This is mainly due to the fact that the Brazilian equity (-44% in 5 years) and currency markets (-58% in 5 years against the USD) are currently at a significant low. The current devaluation of both, equity and currency, and the strong Swiss franc therefore present a unique opportunity for Swiss investors. Through M&As or joint ventures, Swiss companies can profit from this momentum and enter Brazil with a significant cost advantage. Many local firms lack capital to run their daily business and therefore are forced to sell certain business segments or their entire company.



(Source: Scotiabank, Latin America Regional Outlook, 2016)

Market Opportunities & Challenges

The acquisition of a Brazilian company will give the investor an immediate access to the domestic market. In addition, the transfer of know how (management, technology, efficiency, etc.) can significantly improve the competitive position of the acquired company.

In any case, such FDI undertakings require a long-term view, a healthy parent company, sufficient management and financial resources and the readiness to deal with sudden changes and unforeseen events.

Economic Facts: Switzerland – Brazil

Swiss Investments in Brazil

As of 2014, Swiss investments in Brazil amounted to a total of CHF 13.6 bn (Seco, 2015). According to the Swiss National Bank, the new Swiss capital inflow in 2014 into Brazil reached CHF 1.7 bn. The Central Bank of Brazil states that Switzerland ranks number 8 (after the Netherlands, USA, Luxembourg, Spain, Japan, Portugal and France) measured on new capital inflows in 2014. Swiss companies employ more than 68'000 people in Brazil.

Brazilian Investments in Switzerland

Official Brazilian statistics registered investments of USD 131 m from Brazil to Switzerland in 2014. This makes Switzerland the ninth most important target country of Brazilian FDI.

Trade between Switzerland & Brazil

With 17% of the imports and 32% of the exports of Switzerland from and to Latin America, Brazil is Switzerland's most important trading partner (prior to Mexico and Argentina) in the region. However, in the course of the global financial and economic crisis in 2009, trade between both countries has been rather regressive.

Important Product Categories

Swiss Exports				
Year	2010	2013	2014	2015
Total in CHF (millions)	2317	2227	2089	1949

1. Pharmaceutical Products, Vitamins, Diagnostics
2. Chemicals and similar articles
3. Machines, Devices, Electronics
4. Precision Instruments, Watches, Jewelry

Swiss Imports				
Year	2010	2013	2014	2015
Total in CHF (millions)	849	1871	1601	1346

1. Precious Metals, Precious Stones
2. Agricultural and Forestry Products, Fishery
3. Metals
4. Energy Carrier

(Source: Swiss Customs Administration, Swiss-Impex, 2015)

Development Cooperation

Brazil is not a focus country of DEZA or SECO. Nevertheless, DEZA is involved in several local initiatives of Swiss NGO's and the SECO in sustainability programs such as the "Cleaner Production Center" in the northeast of Brazil. This center aims to provide consulting services to local SME's (brick manufacturers, bakeries, hotels, etc.) in the area of environmental protection and technologies.

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Registration

Link: www.zhaw.ch/imi/brazil
Latest: Friday, 20th of May 2016

Attendance Fee & Language

Participants: 290 CHF (incl. buffet lunch)
S-GE Members: 250 CHF (incl. buffet lunch)

The workshop language will be English.

Date & Location

Date: Monday, 6th of June 2016
Time: 08:30 – 15:30
Location: ZHAW, Building ZL, 6th Floor, Room 06.12
Lagerstrasse 41, 8004 Zürich

