



EMBASSY OF BRAZIL IN WASHINGTON

**REMARKS BY
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- **I am very pleased to be at the Wharton Business School of the University of Pennsylvania. This prestigious institution is a symbol of the kind of high-quality education Brazil is pursuing with the Science Without Borders Initiative. As you probable know, the SwB program, launched last year by President Rousseff, aims to send 100.000 Brazilian undergrad and graduate students abroad, half of them to the United States. I am happy to tell you that among the first 529 students who arrived in the US in January 2012, 28 are studying in Pennsylvania – five of which here at UPenn.**
- **Coincidentally, just this week the business magazine Fast Company presented its list of the 100 Most Creative People in Business 2012. Among the four Brazilians listed, the top one, Lourenço Bustani, is a graduate from Wharton. This is exactly the kind of young, innovative, entrepreneurial people that Brazil needs to continue its path to development.**
- **I would like to thank Stanley Straughter, who chairs the Mayor's Commission on African and Caribbean Immigrant Affairs, for the initiative of organizing this very interest event. The presence of Ney Campello, the Secretary for the Organization of the World Soccer Cup 2014 in the State of Bahia highlights the traditional ties between the state of Pennsylvania and Bahia – which are 50 years'old – as well as the partnership between the City of Philadelphia and the City of Salvador. Both have solid historic ties to Africa, as**

exemplified by the Odunde Festival, now in its 37th edition. I wish you success in this week's celebrations!

- **I would also like to recognize the presence of our Honorary Consul in Philadelphia, Mr. Paul Johnson.**
- **The message I bring to this audience is simple: invest in Brazil! It's good business. Let me tell you why:**
- **Between 2003 and 2010, Brazil's economic grew four times in nominal terms. In 2003, Brazil accounted for only 1.3% of the world's economy. In 2010, this number went to 3.7%. In the beginning of 2012, the Brazil's GDP surpassed that of the United Kingdom. Brazil is now the world's sixth largest economy. Even with a recent decrease of about 20% in the value of the Real - which, by the way, is very good for our exporters - Brazil is still more or less tied up with the United Kingdom for the sixth place (not a bad place to be!). More important than that is the long-term perspective: most economic analysts predict that Brazil will be among the six countries with the largest GDP until at least 2050.**
- **Among the BRICS, the group of emerging economies everybody is talking about, Brazil is also in an excellent position. Brazil has the second largest economy in the group, behind China. It has the second largest per capita income and the second best Human Development Index (HDI), in both cases behind Russia. And it is the only BRICS country that is simultaneously a democracy, self-sufficient in food and**

energy and in peace with all of its neighbors (and we have 10!)

- **Brazil's comfortable position is the result of three main factors: (i) the macroeconomic stabilization policies initiated in the 1990s, which have since remained in place; (ii) the social inclusion policies that have been accelerated over the last decade; (iii) and the new investment opportunities that emerged at the heels of the macroeconomic stabilization and social inclusion policies.**
- **The macroeconomic stabilization achieved with the Real Plan has completely changed the economic landscape in Brazil. It's always good to remember that between 1990 and 1994, inflation in Brasil averaged 764% a year and in 1993 alone, it reached 2.500% a year! As you well know, it's very difficult, almost impossible to conduct business in such an unstable environment. In the last 5 years, on the contrary, the average inflation was around 5% a year. The maintenance of reasonable inflation rates has enabled increases in consumption, investment and savings.**
- **Once monetary stability was ensured, it was possible to accelerate policies to combat hunger and poverty. As a result of these policies, during the last nine years, 24 million people have been raised out of extreme poverty and 31 million people joined the middle class. As you well know here in the United States, a sizeable middle class is the backbone of a healthy economy. Brazil's new middle class now includes**

about 100 million people. It has become Brazil's main engine of growth, stimulating increased investments, both domestically and from abroad.

- The Brazilian economy has advanced very rapidly across all sectors. In the primary sector, Brazil features prominently not only because of its agribusiness, which is one of the most productive in the world, but also due to its mineral and energy potential. Today, Brazil is the leading exporter of soybean, beef, coffee, orange juice, poultry, and sugar. We are also one of the major producers and exporters of minerals, such as iron and aluminium ore.**
- Brazil also performs well in sectors with greater added value. We are the world's sixth largest automobile manufacturer, the third largest aircraft manufacturer and the largest manufacturer of up to 120-seat aircraft. We also have a modern and robust financial system.**
- This helps to explain why Brazilian trade has reached record numbers. In 2011, our exports surpassed US\$ 200 billion for the first time in history: we exported about US\$ 256 billion. Our import were also noteworthy: US\$ 226 billion in the same period.**
- Against this background, I would like to highlight three top areas for bilateral cooperation and investment: energy; environment; and the organization of mega-events.**

- **Starting with energy: Brazil is home to one of the world's largest oil reserves and a global reference in biofuels.**
- **That's a very solid ground for bilateral cooperation, as identified by our two Presidents, who recently established the U.S-Brazil Strategic Energy Dialogue. The mechanism will concentrate in four areas: biofuels; renewable energy; oil and natural gas; and nuclear energy.**
- **With regard to biofuels, Brazil and the US are cooperating in the development of second-generation biofuels (cellulosic ethanol); in the improvement of "flex-fuel" vehicles, together with the private sector and research institutions; and the development of a type of ethanol suitable for use in aviation. We are also working together in third countries, both in Africa and Central America, and in the world at-large with the goal is to make ethanol an international commodity in the near future.**
- **Also in the renewable area, Brazil and the U.S. are cooperating to accelerate the development of wind energy projects, building on the industrial energy efficiency partnership between the Brazilian Center for Electric Energy Research (CEPEL) and the U.S. Oak Ridge National Laboratory.**
- **U.S. interest in oil and natural gas in Brazil is a result of the recent discovery of enormous pre-salt reserves. American companies are keen on becoming part of the exploration of these reserves, by developing technologies to make deep-**

water drilling economically viable. The U.S. is also interested in importing oil extracted from these reserves, since Brazil would be a trustworthy, stable source of this increasingly scarce energy resource.

- **As for nuclear energy, both countries have agreed to promote exchange programs and technical visits to study the role this energy source could play as means to mitigate climate change and diversify energy sources.**
- **The second important area for cooperation/investment is the environment.**
- **Among Brazilian environmental credentials is the fact that 81 percent of our energy mix is composed of renewable energy, especially hydroelectricity and ethanol. Brazil is also home to the world's largest rain forest and the largest global source of potable water.**
- **In just a few days, Brazil will host the Rio+20, which will be the largest conference on the environment in history. At the Conference, the results of Rio-92 will be analyzed vis-à-vis the fight against global warming and new goals will be established for reducing green-house gases. The Brazilian vision is that the Conference should look to the future and move beyond the divisions between developed and developing countries.**
- **Brazil hopes to have a high-level U.S. delegation at the Rio+20. That will showcase how the two largest economies of**

the Hemisphere are engaged to promote a green economy, focused on the concept of sustainable development and the fight against poverty

- Finally, a word about the organization of major sporting events, even if my colleague, Ney Campello, who heads the organization of the World Soccer Cup 2014 in his homestate of Bahia, is way more knowledgeable than me in this regard.**
- Brazil is very proud to have been chosen to host two of the biggest world sporting events: the 2014 FIFA World Cup and the 2016 Olympic Games and Paralympics Games. The industries associated with sports and tourism are expected to grow enormously during this time, opening several investment opportunities for U.S. companies in Brazil..**
- Our mission is to deliver excellent Games with memorable celebrations – for which Brazil is known worldwide. We know that the responsibility is huge, but this comes along with many opportunities, not only for our country, but also for those wishing to take advantage of Brazil’s growing and promising economy.**
- In order to achieve that, the Brazilian government will make great investments both in sport facilities and in the urban infrastructure necessary to accommodate the increased flow of tourists. For the World Cup alone, the Brazilian government will invest about US\$ 15 billion, half of which in urban infrastructure projects. The Brazilian Airport**

Authority (Infraero) is committed to invest the 3.25 billion dollars to improve the 13 airports of World Cup host cities. In the transportation sector, 6.5 billion dollars will be invested - partly with federal funds, partly with state funds - to improve the transportation system of the host cities. It is estimated that for each R\$ 1.00 invested, R\$ 3.60 will be generated in additional business by 2027.

- For the Olympic Games, public investment will amount to about US\$ 13 billion, 6.5 billion dollars, just for the city of Rio de Janeiro.**
- We know that we need to count on the knowledge of other countries that have organized events of such magnitude. In this context, during President Obama's visit to Brazil in 2011, Brazil and the U.S. have signed a Memorandum of Understanding to exchange experiences in the organization of megaevents. We have also signed similar agreements with the United Kingdom, Germany, South Africa, Australia, China, and Canada.**
- It is paramount that all these transformations should be done in a sustainable way, allowing Brazil to grow its economy while respecting the environment and improving the social conditions of its population. The unity of all Brazilians and public authorities is what inspires us in the organization of the games. We are confident that Brazil will exceed expectations and give the world an example to follow.**
- Thank you!**

