

Long-Term Stabilization

An Interview with Mario Garnero, Chairman, Brasilinvest Group

EDITORS' NOTE In addition to his position as Chairman of BrazilInvest, Mario Garnero is also Chairman of Forum of the Americas and President of United Nations Association-Brazil. His previous posts include: Chairman of the Board of Directors of NEC do Brasil S/A and ITT-Standard Electric S/A; Chief Executive Officer of Brasilinvest Group; Legal Department Director for Volkswagen do Brasil S/A; President of the National Union of Caterpillars, Trucks and Similar Vehicle Industry (SINFAVEA); and President of the Instituto Nacional de Altos Estudos (INAE). He graduated from the Law School of the Pontifical Catholic University of São Paulo (PUC-SP) in 1961 and attended courses of Business Administration, specifically in Industrial Relations and Financial Management, in the U.S. and Germany.



Mario Garnero

COMPANY BRIEF Created in 1975 by businessman Mario Garnero, Brasilinvest (www.brasilinvest.com.br) was the first private development agency installed in Brazil. It was founded and consolidated as a classic *banque d'affaires* or merchant bank with 80 associates in 16 countries. It has structured and completed projects and investment plans in Brazil amounting to more than \$6 billion.

What are the significant factors that have been impacting the economy of Brazil?

What is occurring in Brazil is a reflection of the long-term stabilization process including, most importantly, progress on the social imbalances we have had in Brazil, which were not really created by a lack of education, housing, or public service, but instead by the fact that inflation was rampant for a long while and created large gaps in the living standards between people.

We've had 18 or 20 years of stabilization under different leaders. Today, in Brazil, over 52 percent of the population is middle class. This is the result of the stabilization, and if it effectively continues, it will help Brazil to look forward to continuous growth in the future.

Is there strong interest in foreign investment in Brazil?

Of course. What drives foreign capital into a country is, first of all, stability, and second of all, a market that is in an expansion

upon which to base a profitable business. The Brazilian market is growing. For instance, we made about 3 million cars last year, we have a very strong culture, and we are aware of the important areas of industry activity covered by this expansion. But Brazil also has very strong demographics based on the large population of 200 million people, as well as having among the 10 largest oil reserves in the world

How strong has Brasilinvest's business been, and are you happy with the strength and range of services you're providing today?

We have offices in Brazil, as well as in the United States, Europe, Japan, and China. During an early period of the downturn, everyone was checking us out to see how we would do. But 2009 was a good year, and we have greatly expanded the consultative areas of our business. We are doing very well with the real estate business, as well as with our participation in other areas like telecommunications. The beginning of 2009 was difficult for business in Brazil, but we're in good shape for 2010, when Brazil is forecasting a GDP growth rate of between 5 to 6 percent.

As Brasilinvest has grown, have you been able to maintain an entrepreneurial feel and culture?

That's the most important thing in a country like Brazil. We made investments in the United States, in Europe, and in some countries in Latin America, but it is most important to maintain the entrepreneurial spirit here. We hold the belief that opportunities can be found in every moment, and you must grasp them. If you do not grasp them, you miss out. So this has been our vision for a long time, and still is today, and that's what we are trying to convey to our people, who will be the future of our companies.

Does the strength of the education system in Brazil and the workforce create a competitive advantage for the country, and is the workforce able to perform at the highest levels?

Yes. We are creating around 1.2 million new jobs per year, and although they are not all top-level, we are creating professional and management schools to train the workforce. Today, we are one of the top three countries

in the world in utilization of the Internet. We have made great strides in reducing the illiteracy rate to around 6.7 percent of the total population.

You are involved in a number of philanthropic efforts to support the community, as are your employees. From a leadership point of view, how important is that practice to the culture of Brasilinvest, and is that a key responsibility of leaders today?

Of course, and this is a change from what people used to do. The contributions that I am making to the efforts I support are now much more substantial than they were previously. Business has to be integrated into society and the community from the very beginning, not only to give support to the efforts in which they are participating, but also to prove that business is not a force detracting from the society but, on the contrary, that it is creating opportunities for the society to become better off. So it's an obligation for all of the people that are involved in this business.

You talk about the business today with the same passion that you have since the beginning. Do you ever think about stepping back and slowing down?

I prefer to keep the same regiment and the same resolve as I had when I was 20 years old.

As you look to 2010, in leading Brasilinvest, what are one or two of your key priorities to make sure you retain that leadership position in the market?

Brasilinvest was a pioneer. It was the first real merchant bank in Brazil. So we have put together three elements: private interests, public interests, and foreign interests, but always with the controlling interest with the Brazilian companies. This trio will prove to be absolutely necessary in the times to come, because in order to be successful today, you need the state to be very cooperative and to participate in the business; you have to have a business that is open to foreign investors; and you have to have a way of putting together all three of these partners. Our main goal is to continue to foster these relationships.

Also, Brazil will continue to put more of an emphasis on very important areas like real estate, on housing for the poor, and on high technology areas such as satellites and telecommunications and, of course, to explore the possible 100 million barrels of oil from the Pré-sal on the offshore of our country. ●