
BRAZIL BUSINESS BRIEF

NOVEMBER 2020

NEWS FROM THE BRAZILIAN CHAMBER
OF COMMERCE IN GREAT BRITAIN



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LETTER FROM THE EDITOR

ally such a central and enjoyable part of our work, we are fortunate to have been able to run a busy calendar of webinars. A big thank you, therefore, to all our members and friends who made those online events possible.

We are similarly grateful to the writers who have provided five articles for this edition of the *Brazil Business Brief*. Four previous contributors have made a return: sales and marketing consultant Michael Ellis gives us some insights into Brazil-UK business relationships; economist Alexandre Manoel looks at the likely trajectory of inflation in Brazil; lawyer Flavia Warde describes the impact of COVID-19 on the Brazilian education sector; and Ieda Gomes, a councillor at the Chamber, has written about the liquefied-natural-gas market in the Americas. In the section provided by the Brazil Institute at King's College London, PhD student Ingrid Schlindwein tells us about the relationship between Brazil and the World Bank.

Ieda Gomes has also conducted two interviews for us: the first with UK-based Brazilian chef Luciana Berry, who won the *Top Chef Brasil* contest on Brazilian TV earlier this year and has also appeared on BBC Two's *MasterChef: The Professionals*; and the second with accountant and financial lawyer Colin Johnson, who is also the Chamber's vice chair.

We trust all our readers will be able to keep up to date with our forthcoming online activities through our website and newsletters, and by connecting with us via LinkedIn, Facebook and Twitter.

Warmest wishes on behalf of everyone at the Chamber during this difficult time,

Lena Beraldo

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NEW LNG BUSINESS MODELS

BY IEDA GOMES



In 2017, I co-authored a paper on the prospects and the potential market for liquefied natural gas (LNG) in Central America and in the Caribbean. The driver was the opportunity to replace oil products with LNG, initially in the generation of electricity, while facing the challenges of a fragmented

demand in small-sized markets in addition to the lack of infrastructure in terms of natural-gas transportation and distribution. At the time, there were only two onshore conventional LNG-importing terminals in operation in Central America and the Caribbean: one in the Dominican Republic and another in

Puerto Rico, with a third onshore terminal under construction in Panama. All three projects were underpinned by natural-gas-fired thermal power stations. None of those three countries had infrastructure in place for gas transportation or distribution. Despite the logistical difficulties in supplying such small-sized markets,

in the last three years an impressive evolution of the LNG business has taken place in the region, triggered by private investors and by the availability of LNG at competitive prices.

In Jamaica, for instance, there is a multimodal model: a Floating Storage and Regasification Unit (FSRU) – stationed in the sea, off the southern part of the island – receives imported LNG and delivers the regasified product through a pipeline to industrial consumers, a cogeneration plant and a thermal power plant. Since Jamaica does not have the infrastructure for gas transportation and distribution, the north of the island is supplied by a small ship that carries LNG from the FSRU, in a ship-to-ship operation, and unloads it at a terminal in Montego Bay. Part of the LNG is regasified and delivered to a local thermal power station, while the remainder is fed into ISO containers and transported by lorries to local consumers. The Southern FSRU also loads another small LNG tank ship, which carries the product to a small-sized Floating Storage Unit (FSU) stationed in San Juan Port in Puerto Rico, where a small terminal carries out the regasification of part of the LNG to supply a 440 MW thermal power plant; the remainder

SINCE JAMAICA DOES NOT HAVE THE INFRASTRUCTURE FOR GAS TRANSPORTATION AND DISTRIBUTION, THE NORTH OF THE ISLAND IS SUPPLIED BY A SMALL SHIP THAT CARRIES LNG FROM THE FSRU, IN A SHIP-TO-SHIP OPERATION, AND UNLOADS IT AT A TERMINAL IN MONTEGO BAY

is injected into ISO containers and delivered by lorries to industrial and commercial consumers.

Meanwhile, small liquefaction plants in Florida carry LNG in ISO containers, which are transported by conventional container ships for delivery to the Bahamas, Barbados, Puerto Rico and Haiti, where local industry wants to use cleaner, more reliable energy.

Conventional onshore terminals in Panama and the Dominican Republic have been adapted to carry out the transshipment to small-sized vessels, load cryogenic lorries and conduct LNG bunkering.

In Central America, there are projects under development in Nicaragua and El Salvador, and a potential second LNG terminal in Panama.

In only three years, we have seen a significant transformation in the gas business model of a single region.

HOW COULD SUCH A TRANSFORMATION APPLY TO BRAZIL?

First of all, it seems clear that Brazil will continue to import natural gas during the coming decade. The government's projections regarding pre-salt gas availability indicate an availability of 37 MMm³/day by 2023, reaching 71 MMm³/day by 2030. However, the transportation capacity of sub-sea pipelines – named Routes 1, 2 and 3 – is 44 MMm³/day, with estimated saturation by 2026–27 according to the EPE (Empresa de Pesquisa Energética). Unless a fourth and a fifth route are built, even technically viable volumes of pre-salt gas will continue to be massively reinjected due to the lack of an evacuation infrastructure.

According to the EPE, the potential gas market in the integrated gas grid would be 166 MMm³/day by 2029, which should include 24 MMm³/day of additional demand created by the New Gas Market policies, as well

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as consumption of thermal power plants with maximum dispatch of 80 MMm3/day. The demand will drop by half if thermal power plants are dispatched in a flexible manner and if no additional demand is created with the New Gas Market.

With relatively modest projections for the supply of pre-salt gas, the saturation of the three drainage routes, and considering the uncertainties related to the availability of Bolivian gas, Brazil could become even more dependent on imported LNG.

By 2023, five import terminals should be in operation, three of which will be operated by private entrepreneurs and the other two by Petrobras. Another two or three terminals are being developed by private investors in various regions of the country.

Second, the availability of LNG at lower prices in the spot market could boost new cabotage, bunkering and container-delivery businesses by road, sea and river.

Lower oil prices and an oversupply of LNG also indicate the possibility of long-term contracts with prices indexed to Brent and Henry Hub that are more favourable than in the recent past. And considering that the current market is more favourable to

BY 2023, FIVE IMPORT TERMINALS SHOULD BE IN OPERATION, THREE OF WHICH WILL BE OPERATED BY PRIVATE ENTREPRENEURS AND THE OTHER TWO BY PETROBRAS. ANOTHER TWO OR THREE TERMINALS ARE BEING DEVELOPED BY PRIVATE INVESTORS IN VARIOUS REGIONS OF THE COUNTRY

buyers, the return of negotiations of minimum and maximum prices could occur in case the oil price or Henry Hub soar in the long term.

In the short-term market, it has been widely announced that Argentina has bought approximately 1.2 million tonnes of LNG, with delivery in winter 2020, at an average price of USD 2.87/MMBtu, delivered at the Escobar terminal. If we add regasification, transportation and clearance costs, the regasified LNG reaches the city gate of Buenos Aires at prices below USD 4.0/MMBTU.

In Brazil, electricity auctions with maximum inflexibility of 50% undoubtedly favour the growth of LNG supply to power plants rather than domestic associated gas, because producers of associated gas that do not have a very extensive c gas portfolio would have greater difficulty handling the flexibility of power plants with the need to guarantee a continuous flow of oil, which is their primary business.

LNG prices are expected to increase in the next 12 months because the low price environment of 2019–20 discouraged investment in production. But higher prices could lead to increased production of shale gas in the United States, driving the rebalancing of global demand and supply and a new cycle of lower prices. The uncertainty in Brazil regarding the availability of Brazilian and Bolivian gas definitely favours the development of new LNG business models in the country, provided that LNG prices continue to be competitive in the marketplace. ●

Note: this article was originally published on the Brazil Energia website in August 2020 (<https://editorabrasilenergia.com.br>).

WILL THE INCREASE IN PRODUCER PRICES HAVE A FURTHER IMPACT ON CONSUMERS?

BY ALEXANDRE MANOEL



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The Expanded Consumer Price Index (IPCA), adopted by the Central Bank of Brazil to measure the official inflation of consumer prices, increased by 0.64% in September and has risen 3.14% in the past 12 months. The General Price Index – Internal Availability (IGP-DI), which mainly measures the inflation of producer prices in wholesale and civil construction, rose 3.30% in September and has increased 18.44% over

the last 12 months.

The discrepancy between the IPCA and the IGP-DI has been attracting the attention of financial analysts, particularly because the IPCA is the official measure of purchasing power for Brazilian consumers while the IGP-DI represents the movement in the production costs of goods and services. The lingering doubt is this: will the increase in producer prices impact on consumers?

Different answers could be given to

this question, depending on whether the focus is on the short, medium or long term.

In the short term it could be said that the higher variation in the IGP-DI (mainly resulting from a sharp drop in the value of the Brazilian currency) has already been affecting consumers, especially through a food-price increase, as a consequence of a reduction in the domestic supply of products, which have been moved to exports due to greater foreign competition.

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In the last few months, higher food prices have been evident both from the Ipea indicator, which has shown accelerating prices for all income groups, and from the requests President Jair Bolsonaro has made to supermarket owners.

This has not had much of an impact on the IPCA, however, because food accounts for only about 14% of its composition. Moreover, due to the pandemic, social distancing and consequent recession, the prices of services have been stable, preventing a greater transmission of inflation from the IGP-DI to the IPCA. Such economic dynamics have helped the Central Bank to conduct monetary policy by enabling systematic cuts in interest rates while still focusing on meeting the inflation target.

In the medium term, over the coming months, with a gradual upturn of the economy towards pre-pandemic levels, there will naturally be a greater transmission to the IPCA of the significant cost variations in the IGP-DI, which will impel the Central Bank of Brazil to act. That means the Central Bank, the Ministry of Economy and the office of the President will face a major dilemma in terms of coordination.

If there is successful coordination

IN THE MEDIUM TERM, OVER THE COMING MONTHS, WITH A GRADUAL UPTURN OF THE ECONOMY TOWARDS PRE-PANDEMIC LEVELS, THERE WILL NATURALLY BE A GREATER TRANSMISSION TO THE IPCA OF THE SIGNIFICANT COST VARIATIONS IN THE IGP-DI, WHICH WILL IMPEL THE CENTRAL BANK OF BRAZIL TO ACT

between those three bodies – with the government presenting, by the end of this year, a convincing fiscal-consolidation plan with the maintenance of the public-expenditure ceiling – the credibility lost by the government's fiscal policy (demonstrated by the greater risk premiums for holding long-term National Treasury bonds and consequent reduction of the average term of indebtedness) will be restored and the Central Bank will be able to continue with its expansionist monetary policy, helping to bring about a post-pandemic economic

recovery. That, in turn, will make more likely a long-term scenario with lower inflation, lower interest rates and higher rates of growth.

On the other hand, if there is no coordination between the three bodies, with the government continuing to defend an Annual Budgetary Draft Law where there is no clear information on how the demand from the office of the President for a new social programme will be met (through a mandatory reduction in expenditure or an increase in the tax burden, for instance), then the credibility of the government's fiscal policy will continue to diminish. In that case, the Central Bank will be forced to implement a contractionary monetary policy, aborting any prospect of higher growth in the long term.

Lastly, it is worth highlighting that even in an economy with a great amount of idle capacity, it is always possible to produce inflation when expectations in relation to the sustainability of the public debt have no basis. Brazil has had various examples of stagnation with inflation (stagflation), and we all hope to have learned from them. ●

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THE WORLD BANK STRATEGY FOR BRAZIL AND OTHER MIDDLE-INCOME COUNTRIES

BY INGRID AGUIAR SCHLINDWEIN



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Brazil is the largest borrower from the World Bank in the institution's history. A very large middle-income country, rich in resources and creditworthy for the international financial markets, the bank has long regarded the country as an ideal candidate for receiving loans. And considering that Brazil has been both a provider and receiver of foreign aid and technical assistance, the bank has come to view it as a unique source

of lessons in the field of development. Brazil's public policies, its academic, scientific and institutional experience, and its expertise in many fields and issues have immediate relevance and application to other parts of the developing world, especially Africa, Latin America and the Caribbean.

The World Bank's Country Partnership Strategy (CPS), covering the financial years 2012–15, and Country Partnership Framework (CPF), covering 2018–23, have shaped its rela-

tionship with Brazil in recent years. They were produced in collaboration with Brazilian officials and sought to describe the main challenges the country faces in its pursuit of inclusive and sustainable growth. The CPS acknowledged the remarkable economic and social progress made by Brazil in the first decade of the new millennium, reporting that the country had become an essential voice in the international development debate by sharing its experiences with the world.

Following the uncertainty brought about by Brazil's 2015–16 economic and political crisis, the CPF reports that improvements will depend on the country's engagement with policy reforms. The document has tried to align the World Bank's strategy for Brazil with the elections that took place in 2018 and the subsequent electoral cycle. Although it acknowledges the social progress made previously, it focuses largely on diagnosing the country's current economic problems.

Brazil has always been classified by the World Bank as an middle-income country, with a higher level of income per capita than other major emerging economies such as China and India. It is not eligible to receive loans from the International Development

BETWEEN 2000 AND 2018 THE AVERAGE NET OFFICIAL DEVELOPMENT ASSISTANCE RECEIVED BY BRAZIL ACCOUNTED FOR ONLY 0.18% OF ITS GROSS CAPITAL FORMATION, WHICH SHOWS THAT THE COUNTRY'S ECONOMY HAS LOW DEPENDENCE ON DEVELOPMENT AID

Association (IDA), whose lending is made on concessional terms to poorer countries. It has previously been eligible to receive loans from the International Bank for Reconstruction and Development (IBRD), although now it has exceeded the IBRD's Graduation Discussion Income (GDI), the level of Gross National Income per capita above which the termination of (or 'graduation' from) lending starts being discussed.

The World Bank, however, takes the view that it needs to keep lending to Brazil. It states that significant second-generation challenges remain for the country, as can be seen in the current economic and political

crisis. As countries climb the income ladder they tend to be affected less by absolute shortages and more by asymmetries and bottlenecks in the development process. These bottlenecks have an effect similar to the well-known 'poverty traps' insofar as they drive countries to fall into a low-level equilibrium that ends up blocking or delaying growth. According to the 2017 World Bank Independent Evaluation report, those imbalances are related to the persistence of regional and income inequality.

Between 2000 and 2018 the average net official development assistance received by Brazil accounted for only 0.18% of its gross capital formation, which shows that the country's economy has low dependence on development aid. The small size of its programmes in Brazil might appear to indicate that the IBRD is unlikely to have a significant impact on the country's economy. However, the IBRD seeks to have an impact in Brazil not through the magnitude of its financial input but by contributing knowledge and practices in accordance with the country's profile. Its interventions have been aimed at knowledge creation, and not just knowledge transfer, in partnership with leading local researchers.

The IBRD has made it explicit that one of the benefits of its loans to Brazil is the possibility of acquiring knowledge, innovation and development experiences that can then be applied to other developing countries. The World Bank, meanwhile, recognises that it has been required to adapt and learn because of Brazil's unique characteristics. The strategy for Brazil involves knowledge-intensive lending that seeks to have a development impact.

In this sense Brazil has been an active knowledge provider in the World Bank's South-South Experience Exchange Facility. This initiative connects two borrowing countries, one as provider and the other as a receiver of knowledge, for sharing experiences and best practices. For the last ten years Brazil has offered technical expertise in 41 projects and is the country that has most shared its knowledge, followed by India, Colombia and China.

Furthermore, in addition to its own projects in Brazil, the World Bank aims to attract private-sector investment to the country, acting in effect as a lure for investors. Indeed, in a typical development project in Brazil, the bank's own loans are hugely outweighed by the combined total

of investment from the private sector and the Brazilian government. The bank's own actions are more focused on offering advisory support for public-private partnerships in infrastructure, social sectors and the environment. Brazil is also one of the leading International Finance Corporation clients. This complimentary World Bank organisation provides loans to developing countries' private sectors to mobilise new business, competitiveness and innovation.

The World Bank sees Brazil's highly decentralised federal system as fertile ground for community-driven development strategies aimed at increasing the participation of stakeholders and targeting local bottlenecks. Therefore most of its projects over the last decade have focused on lending to subnational entities, such as states and large municipalities, as a way of boosting the implementation of national policies. The bank has prioritised the poorer regions of the country and areas where it could have a catalytic role and strong demonstration effects. The current fiscal crisis has limited the borrowing capacity of Brazil's states, presenting a challenge to the bank's strategy in the country for the years ahead. ●

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EDUCATION IN BRAZIL: CURRENT CHALLENGES AND INVESTMENT OPPORTUNITIES

BY FLÁVIA COELHO WARDE

The months since the beginning of the COVID-19 pandemic have led us towards a rethink of what kind of education we want. While it might be heartwarming for parents to spend more time at home with their children, the enormous disruption to pre-pandemic education methods presents a great challenge.

Worldwide, the pandemic has led people to engage even more intensively with the virtual world, which has not necessarily been easy for parents, teachers or students. Various online methods of education have been attracting attention in recent years, and in the last few months some of them have indeed proved to be excellent. But they cannot replace normal education, because humans need face-to-face social interaction in which active and emotionally truthful exchanges can take place. So-called 'soft' skills – so necessary for senior businesspeople, for example – demand presence, perception, feeling and observation of social reactions. It is no different with students: they need immersion in the real world in order to improve their emotional intelligence.

The current challenges in the education sector are very significant



from a business perspective. In Brazil, primary, secondary and high schools have been shut for long periods this year and are not yet authorised to resume their activities at normal levels. One of the main arguments is that younger children are particularly unlikely to follow anti-COVID-19 regulations, and therefore that if schools were open, those children's families would be more exposed to the risk of infection. In the UK, most pupils have returned to school, although by mid-October 21% of secondary schools in

England were still not fully open and 7% of primary schools have had to send students home. Only 0.2% of schools have had to close completely.

With such huge disruption, Brazilian private schools are facing financial challenges as many students drop out of some courses and many parents fail to make payments, either because of job losses or due to a perception that online classes are less worthwhile than face-to-face teaching. Some private schools in São Paulo offered discounts of up to 30% when switching to online

lessons in the months that they were closed. Given the number of Brazilian private schools that are struggling financially in the face of the virus, it is probable that consolidations, mergers and acquisitions will increase. And with so many people currently working remotely via internet from locations on the Brazilian coast or in the countryside, it is possible that small schools could open in those locations so as to provide education for those families' children, albeit still with a significant element of online learning.

The difficulties that Brazilian public (i.e. state) schools have been facing should also be emphasised. As they have far fewer digital resources than the private schools, the gap in quality between the two sectors has sadly been widening since the beginning of the pandemic. It is therefore more important than ever that government investment in Brazilian public education should be extensive and sustained. In terms of current government investment there is particular concern surrounding the new budgets allocated to basic and technical education.

Brazilian private universities have also suffered an economic impact from COVID-19, due to the inevitable decrease in the financial resources

THE DIFFICULTIES THAT BRAZILIAN PUBLIC (I.E. STATE) SCHOOLS HAVE BEEN FACING SHOULD ALSO BE EMPHASISED. AS THEY HAVE FAR FEWER DIGITAL RESOURCES THAN THE PRIVATE SCHOOLS, THE GAP IN QUALITY BETWEEN THE TWO SECTORS HAS SADLY BEEN WIDENING SINCE THE BEGINNING OF THE PANDEMIC

of students and their parents. Many trainee programmes have been suspended. As for investment opportunities, recent mergers and acquisitions in the university sector have reflected the lucrative nature of courses in medicine, for which monthly fees can be as high as R\$12,000 – often still considered a worthwhile investment by medical students' parents. And COVID-19 itself is of course a reminder of the importance of medical research, which is one of the reasons why demand for university courses in the areas of medicine and health is

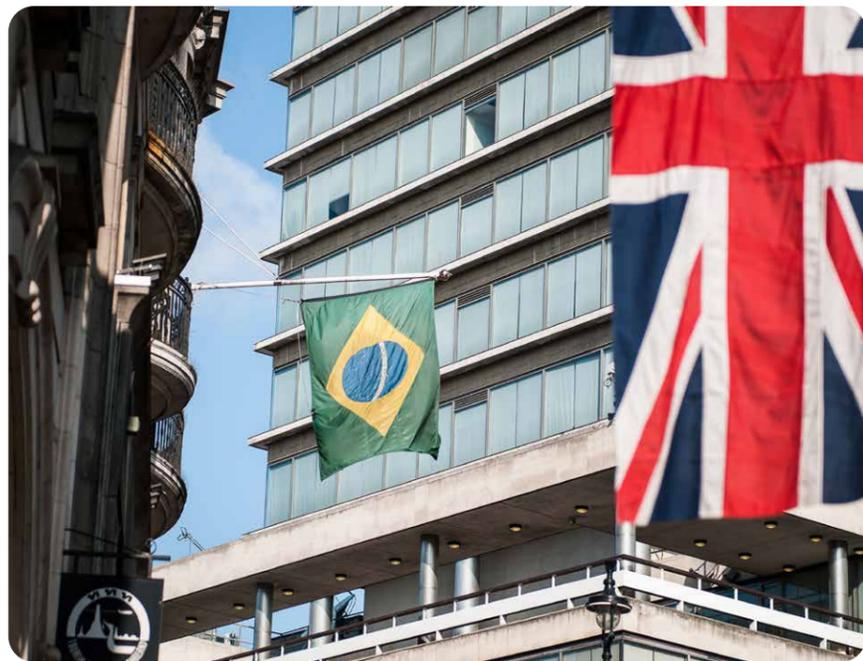
unlikely to decrease. Private universities in general still have a profitable business model, receiving a strong income flow from their clients – i.e. students – over a period of at least five years on average. Another factor that might lead to a greater number of mergers and acquisitions in the university sector is the lack of certainty about when classes with traditional face-to-face teaching can be resumed: this has led some private universities to think about boosting their revenue by expanding their horizons and trying to attract to their virtual-learning courses a greater number of students from outside the local region or even outside Brazil.

Evidently there is a need not only to invest financial resources in the Brazilian education sector but also to attain a higher quality of education. High-quality education will of course raise the cultural level of society as a whole, which will in turn, through an enthusiasm for learning, feed positively into the education sector. All in all, education needs to be at the very heart of Brazilian discussions about social progress. Whether offered through public or private institutions, it will be always the key for positive change. ●

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TRADE, BUSINESS SIMILARITIES AND MARKETING & COMMUNICATIONS BETWEEN THE UK AND BRAZIL

BY MICHAEL ELLIS



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TRADE AND FUTURE OPPORTUNITIES

As the United Kingdom approaches 2021, a new chapter will begin with the country hoping to have already signed a trade deal with the European Union and closing agreements with other countries, similar to the first major trade deal as an independent trading nation recently signed with Japan.

The UK and Brazil have long historical ties in trade and investment. Brazil has a familiar, European-style business culture, which makes business

practices and communication easier between the two countries. Annual trade in goods and services between the UK and Brazil has averaged about £5.5 billion in recent years and was growing at an average rate of around 5% per year until 2020,¹ and there is no reason why a trade deal cannot be struck between the two countries going forward.

It has been widely reported that the Brazilian government was seeking to strike a Mercosur-UK trade deal, and broad agreement, post-Brexit, that it

could be similar to the trade agreement signed between the South American bloc and the European Union.

At present, exports² and opportunities³ between the UK and Brazil are quite varied on both sides and the potential for new business could really take off when any such trade agreement is confirmed.

1. <https://www.great.gov.uk/markets/brazil/>
2. <https://www.gov.uk/government/publications/exporting-to-brazil/exporting-to-brazil>
3. <https://oec.world/en/profile/bilateral-country/brazil/partner/gbr>

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ORGANIC CHEMICALS
COFFEE, TEA, SPICES
TEXTILES
MACHINERY

UK-BRAZIL SIMILARITIES IN DOING BUSINESS

Any company wishing to spread its wings and go into business either way between the two countries should first consider some of the similarities between the two countries' business cultures.

- Brazil has a familiar, European-style business culture, making business practices and communication easier with the UK.

- Both countries have a service-based economy, but Brazil's is mainly hospitality whereas the UK's is mainly financial.
- Personal relationships matter, especially in Brazil where business and negotiations are between people rather than companies.
- Having fun while working – both countries love to have fun, which works well at certain times when doing business.
- Being patient – taking business

decisions and giving answers can take time in Brazil, so expect to wait a while.

- Businesspeople in both countries like to be in control in business matters, so being assertive will help improve relationships and interactions.
- Appearance is important – dress smartly and conservatively.
- Keep talking and negotiating over lunch, dinner or drinks.
- Schedule meetings a couple of weeks in advance, and confirm beforehand.
- New products and ideas – consumers in both countries really love, and are open to, new products, services and ideas. Online shopping is booming.
- Both countries have a thriving number of SMEs, freelancers and consultants – which is well worth bearing in mind when aiming to enter the Brazilian market.

MARKETING AND COMMUNICATIONS

In the world of marketing and communications, good, solid, consistent and engaging communications and content are the key to success. In emerging markets such as Brazil,

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it goes without saying that companies have to focus on the local target market and customers' needs if they hope to gain a competitive advantage by predicting new trends, offering new products and services or creating innovative marketing campaigns. The development of a strong communications and marketing strategy and content is therefore fundamental in order to remain visible and aligned with customers' expectations and new markets.

In order to deliver the right product with the most effective message, the target market and its cultural aspects need to be thoroughly examined for any brand to be successful and for general wider market penetration and sales.

Even though global integration can be easily managed in some markets, the unique characteristics of emerging markets such as Brazil mean that special care is needed when entering them. The rise of the middle class in all countries is generating a considerable number of first-time buyers for a wide range of products and services. Many of these consumers purchase products and services based on their own direct needs and wants, rather than the brand itself. Such character-

istics directly affect a wide range of fundamental beliefs regarding marketing strategies, including market orientation, target segmentation and brand equity.

At the same time, these markets offer interesting opportunities to create and develop new practices and perspectives in marketing strategies. Brazil has so many distinctive characteristics that even domestic companies aiming to expand their distribution into more regions need to consider and tailor their relevant marketing and communications strategies accordingly.

It is therefore not surprising that Brazil has some of the best marketing minds and businesses in the world, so make sure you fully research the market and look at all options in relation to sales, marketing and communications support, whether from a specialised company or consultant in the UK, or from a local marketing and communications agency in Brazil.

Fundamentally, it is key to have the right product at the right time, with the right communications and marketing message. Maybe that time is approaching and 2021 can be the platform for a stronger, deeper and fully aligned relationship and trade agreement between the UK and Brazil. ●

THE BRITISH CHAMBER OF COMMERCE AND INDUSTRY IN BRAZIL

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LUCIANA BERRY

PRIVATE CHEF, CONSULTANT AND PUBLIC SPEAKER

BY IEDA GOMES
BRAZIL BUSINESS BRIEF

Luciana, 40, was born in Salvador, Bahia, and has lived in London since 2004, becoming a caterer, private chef, consultant and public speaker. The winner of *Top Chef Brasil* on Brazilian TV in 2020, and a semi-finalist on *MasterChef: The Professionals* on British TV in 2014, she is devoted to promoting Brazil's gastronomy and culture abroad. She is a graduate of Le Cordon Bleu culinary school in London and has a wine diploma from the Wine & Spirit Education Trust.

First of all, congratulations for winning the *Top Chef Brasil* contest this year. How did you get there?

Thank you! I was selected to be a *Top Chef Brasil* contestant in February 2020, after a qualifying round.

On *Top Chef Brasil* you cooked many dishes with very cheap and simple Brazilian ingredients. Was it your intention to cook with those kinds of ingredients?

Yes, definitely! To cook *haute cuisine* with expensive ingredients is actually very easy, but I don't like easy things. I like challenges. The most difficult thing is to create *haute cuisine* with cheap ingredients. I wanted Brazilians to be proud of what we have. We have the greatest biodiversity in the world. Our ingredients are incredible. Brazilians tend to copy what other countries

are making. They create their own cuisine so let's create ours! *Top Chef Brasil* wasn't only my victory – it was a victory for Brazilian gastronomy too.

Can you tell us a bit more about your career and why you decided to work in the UK?

In Brazil I actually studied three years of electrical engineering at university. Then I put my course on hold to come to London to learn English. I loved London and decided to stay, but I really missed the Brazilian food I'd been brought up with. I began just by cooking for myself and my family. But two years after I was cooking for the boarders at Harrow School, where I used to live, and at that time I cre-

ated Catering on the Hill, a catering and events company that I still run until today.

A few years later I was invited to cook for Prince Edward when he came to visit the school. My list of clients was growing. I started to cook for the England national rugby team when they came to train at the school, and also for the Australia, New Zealand and South Africa national teams when they came to play over here. Around the same time, I started cooking for corporate events – for example for banks and telecommunications companies.

A few years later I decided to take my cooking to other level and started to study at Le Cordon Bleu culinary school in London. It was after graduating from there with a *Diplôme de Cuisine*, in 2014, that I applied to take part in BBC Two's *MasterChef: The Professionals*.

What I cooked on *MasterChef: The Professionals* was a cuisine full of colours, flavours, and exotic and new ingredients – Brazilian cuisine! With my success in the competition I got noticed by Brazilian companies with operations in the UK, and also by the Embassy of Brazil in London. I found myself cooking for even bigger events. In 2016 I was invited to cook for the

A FEW YEARS LATER I DECIDED TO TAKE MY COOKING TO OTHER LEVEL AND STARTED TO STUDY AT LE CORDON BLEU CULINARY SCHOOL IN LONDON. IT WAS AFTER GRADUATING FROM THERE WITH A *DIPLÔME DE CUISINE*, IN 2014, THAT I APPLIED TO TAKE PART IN BBC TWO'S *MASTERCHEF: THE PROFESSIONALS*

prime minister, David Cameron, and 320 guests at 10 Downing Street, and also at the Foreign and Commonwealth Office.

A few Brazilian companies asked me to help them to promote their products. So I started to travel with Abrafutas [the Brazilian fruit exporters' association] and Apex [a Brazilian export-promotion agency] to some of the biggest shows and fairs all over Europe. I created dishes with their products, always embracing Brazil's gastronomy and culture. I also helped the Brazilian tourism board at travel shows in London, giving 'masterclasses' and talks to the public.

Why do you enjoy being a chef?

Quite simply, I enjoy being a chef because I like to make people happy.

Describe your food style in five words.

Exotic, colourful, daring, contemporary, and with soul and history. Just over five words – sorry!

Brazil has a very diverse cuisine, ranging from the meat dishes of the South to the African-influenced and native Brazilian recipes of the Northeast and North. What are the challenges in translating this diversity of flavours into a Brazil-UK fusion offering?

There are many challenges but the most important one is to educate and show what Brazilian ingredients and cuisine can bring to a fusion cuisine. Balancing flavours and bringing a bit of history is also a nice combination.

Brazilian cuisine is going through an extremely important phase. Even if it has taken a while in comparison to some other countries, we have managed to wake up to our own gastronomic revolution.

Countries that knew how to reinvent their cuisines, such as Peru and Mexico, succeeded in transforming their countries into gastronomic destinations and enhancing their cultures.

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Brazil's cuisine is still largely unknown in the UK. People imagine that to cook Brazilian food you'll need to go to a Brazilian shop to get the ingredients. But I show people here that I buy my 'Brazilian' ingredients in Sri Lankan, Indian, Chinese, Thai, Japanese, Portuguese, Ghanaian and Jamaican shops – where I can find jackfruit, chayote, tamarind, cassava and even sugarcane. The greatest handicap for Brazilian cuisine is that it's still relatively unknown. The trend in world cuisine is towards sustainability and I hope Brazil's cuisine embraces this theme so we can expand our gastronomy.

Do you own a restaurant in the UK?

No. I have a catering company, which I've run since 2008.

Have you been able to find qualified staff who understand the specifics and subtleties of Brazilian cuisine?

Certainly. I've found many members of staff like that, from chefs to waiters. We provide service with excellence.

What are the most sought-after dishes from your menu? And what is your signature dish?

My recipes with cassava are the

most popular. Cassava is an extremely versatile ingredient which we can use to make many different dishes. My two signature dishes are *moqueca*, which is Brazilian fish stew, and *pão de queijo trufado*, which is cassava and cheese dough with truffles.

The catering industry has suffered a heavy blow from the COVID-19 pandemic. How have you adapted?

We're really struggling. We all know that the bigger the number of guests at an event, the more profitable it is. With a maximum of six people it's extremely difficult to make money. In fact, 90% of my bookings have been cancelled.

Through the charity Meals for the NHS, I was helping to feed frontline NHS workers in hospitals between March and July. I could never stand around doing nothing.

What would be your advice for young people interesting in entering the catering business?

My advice is don't give up! Be faithful to yourselves, and be honest. Be persistent. In this area of hospitality there are many doors that close and a lot of competition with people wanting to take you down. Put everything you have learned into practice. Be humble.

Treat people who work with you well. Think fast. Be versatile. Try to adapt to each environment. Listen to other chefs. Ask. Have doubts. Go home and practise. Make several mistakes and one day it will be perfect. And the most important thing of all: put your personality on your plates. Be different. There's no charm in everything being the same.

What menu would you suggest for families staying at home on a long autumn evening?

Make a nice *feijão* bean stew – it will keep you warm. The next day, if you have some left over, blend it with a bit of stock and add some cooked spaghetti. That was my childhood soup in Brazil – delicious and comforting!

What do you plan to do next?

I want to carry on promoting Brazil. I want to create new products, and to introduce people in the UK and Europe to them. I've gained an understanding of people's tastes here in the UK, so I think I'm well placed now to introduce my own products. People have called me the 'ambassador for Brazilian food in the UK'. I like that unofficial title as there's some truth in it. It's a role I'm very happy to play! ●



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Brazilian Chamber
of Commerce in Great Britain

INTERVIEWS



COLIN JOHNSON VICE CHAIR OF THE BRAZILIAN CHAMBER OF COMMERCE

BY IEDA GOMES
BRAZIL BUSINESS BRIEF

Colin Johnson, vice chair of the Brazilian Chamber of Commerce, is a partner with HKA in London, acting as an expert witness on valuation, damages and investigation cases. He has over 30 years of experience, including acting as an equity and loan investor, company director, project developer, legal and financial advisor and expert witness. His background is in project finance and major projects, particularly in Latin America, Africa and South Asia.

Could you tell us a little about the career path that brought you to your current position?

A mix of itchy feet and adaptability led to a variety of roles, almost always in relation to major projects, in countries all around the world. I

started as a project-finance lawyer in London and Madrid, became an investment manager in London then Costa Rica – via a brief stop in a fruit-juice exporter in Cuba – then a project director for a new-build power plant in the Dominican Republic. After the Dominican Republic's economy crashed, Argentina style, it was back to the UK for an MBA, then working with Grant Thornton to develop its international project-finance practice. Over time, though, I got more and more involved with disputes-related work, so ended up moving into forensic work, until I led on international arbitration for Grant Thornton. Since then, forensic work (disputes and investigations) and energy work (at all stages of the lifecycle) have been at the core of my career.

What is your involvement with the energy business, and what are your areas of energy-related expertise?

I have been involved with the energy business in its broad sense for over 30 years. I first started out on power plants in the UK but have since worked on power, oil and gas, and renewables. As I have been involved in putting together such projects, buying and selling them and dealing with the disputes, I have a good all-round knowledge and the ability to dive deep into the financial side, being aware of the practical world faced by such firms.

Have you had the opportunity to work in Brazil?

I have worked in Brazil a number of times, both on disputes and on consultancy work concerning the energy markets. My impressions remain those that

I have had for several years, ever since I ran City UK's Brazil Group: that there are a world of opportunities in relation to Brazil, but there could also be so much more – to everyone's benefit, but mostly Brazil's – if the byzantine tax system and some of the local-content rules could be tackled.

What are your links to Brazil in your current work?

I work from the UK on projects in relation to Brazil and elsewhere in Latin America. I also believe in the opportunities that exist for UK and Brazilian companies to work much more closely together for their mutual benefit.

You were elected as vice chair of the Chamber of Commerce last year. What do you see as the key priorities and challenges in stimulating the commercial relationship between Brazil and the UK?

The key challenge I have seen, which still exists, is getting British companies to take Brazil seriously. I hear the same excuses – 'distance', 'language', and 'it's sewn up by the US'. As for those first two excuses, you'll often hear them from people who – in normal times – are likely to have just come back from a business

COVID-19 HAS TURNED BNDES'S ATTENTION TO SHORT-TERM MEASURES, WITH EMERGENCY ACTIONS RELATED TO THE HEALTH SECTOR, WAIVER OF PAYMENTS OF PRINCIPAL AND INTEREST DUE BY CLIENTS, AND MANY MEASURES FOR MSMEs

trip to China! A lot of people don't realise that in terms of time zones, São Paulo is closer to London, for half the year, than New York is. And as for Brazil being 'sewn up by the US', business-wise, the French and Germans don't say that. There are plenty of opportunities – the challenge continues to be to stimulate them. We need to get British companies – British CEOs, mainly – simply to go and look properly. Brazil is a complex market, though, so we also need to provide people with connections that can truly help them work across both markets.

Strangely, though, the pandemic has provided us with an opportunity. Now that people are more used to do-

ing meetings over Zoom, it's very easy to bring together groups of people from Brazilian and UK companies – so expect to see more of that in future, even post-pandemic, as I think we'll be able to help our members even more in future. This is still in the early stages but Vera is doing an excellent job in forging the links with equivalent organisations in Brazil, so as to produce those links for the benefit of all of our members.

How has the pandemic impacted upon the way companies work in your area of expertise?

HKA, thankfully, has simply carried on working during the pandemic, with little change. In some senses people need our services – in engineering, construction, delay, damages and architecture – more than ever in such uncertain times, in order to resolve disputes.

Where I'm seeing huge impacts, though, is in the oil and gas sector – prices reaching negative levels, albeit briefly, and a lot of investment being stopped, which means it's likely there will be problems in this area, on a global scale, for several years. Hopefully Brazil will avoid the worst of that, given the great deposits it has.

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One of the impacts of the pandemic has been a remarkable decrease in the consumption of fossil fuels. Have you noticed any recent trend regarding new projects?

I see two things happening. In the short term, the reduction in investment in oil and gas generally, as I've already mentioned. In the longer term, though, it's already clear that many of the oil companies – most of them, indeed – will be moving into renewables. There's a clear trend toward preparing for a future where oil is no longer so vital to the world economy. There's some way to go on that, but I think discussion of peak oil – i.e. when discoveries and extraction start to decline – will give way to discussion of peak demand. That won't happen overnight, though. The time frame is still uncertain.

The pandemic has resulted in the suspension of projects and construction activities. Have you noticed any increase in the demand for arbitration and litigation?

What we have seen is similar to what we saw in a broader sense after the 2008–09 financial crash. There have been many contract breaches and disputes, but initially, in the first

few months, they weren't the main focus – companies focused more on coping, and in some cases just surviving, in the new economy. Our claims teams, which help bring together a claim or defence, are already seeing a significant upturn in work and it is now starting to feed through to our experts across the business, but I think there's still a lot more to come.

Do you see opportunities for cooperation between Brazilian and UK companies on renewable energy and the circular economy?

Absolutely. Part of the work I have done in Brazil recently included looking at biofuels, where Brazil is a world leader. Another area is offshore wind, where the UK is a leader – many of the skills adapted from the North Sea oilfields could be helpful as Brazil moves into that sector.

Finally, but very importantly, the UK can be a huge investor and conduit for investment in Brazil, particularly in the areas I've just mentioned. This is partly why we've been running the Green Finance events jointly with the Embassy of Brazil, and will continue to do so. With UK investors such as Actis and Cubico, there is scope for a lot more of this kind of investment. ●

EDITORIAL

BRAZIL BUSINESS BRIEF, NOVEMBER 2020

NEWS FROM THE
BRAZILIAN CHAMBER OF COMMERCE
IN GREAT BRITAIN

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