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APRIL - MAY 2010

Swedish Royal Couple visits Brazil

**King Carl XVI Gustaf and Queen Silvia are received
at the Scandinavian Church in São Paulo**



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Cover photo: J.R. Studios



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The Royal Couple with Ambassador Annika Markovic at the Swedish Embassy in Brasília. (Photo: Drasko Markovic)

King Carl XVI Gustaf and Queen Silvia pay a very successful state visit to Brazil

THEIR MAJESTIES, KING CARL XVI GUSTAF AND QUEEN SILVIA, RECENTLY CONCLUDED THEIR SECOND STATE VISIT TO BRAZIL, HELD IN MARCH. THE FIRST ONE TOOK PLACE IN 1984 AND EVEN THOUGH THEIR MAJESTIES FREQUENTLY VISIT BRAZIL, THIS WAS THE FIRST TIME IN OVER 25 YEARS THAT THEY CAME HERE ON AN OFFICIAL STATE VISIT.



Queen Silvia receives flowers from two pretty little girls upon her arrival at the Scandinavian Church in São Paulo. (Photo: Jonas Ekstromer/Scanpix)

The overall objective of the visit was to support the recently established strategic partnership between our two countries. This partnership is a result of the first visit of a Brazilian president to Sweden, that is when President Luiz Inácio Lula da Silva came to Stockholm in September of 2007, and the very good relations between Sweden and Brazil.

The official part of the visit took place in Brasília on the 24th of March and comprised a visit to the Congress and a meeting with the President of the Senate José Sarney and the president of the House of Representatives Michel Temer, followed by a meeting with the President of the Supreme Court Minister Gilmar Mendes and finally a meeting with President Lula. Since the Brazilian state has three equal powers, the Congress, the Supreme Court and the President/administration, an official state visit should include all three of them.

President Lula and First Lady Marisa then hosted an official welcome luncheon for Their Majesties at the Itamaraty Palace with the participation of the official delegation from Sweden, the business delegation and various business leaders and government representatives from the Brazilian side. It was a very lively luncheon with more than 100 guests savoring excellent Brazilian food, especially the sweets on the separate dessert buffet including guava cheesecake, sugared bananas and cashew-nut fruit as well as coconut ice-cream with tropical fruits.

The Swedish business delegation—headed by Signhild Arnegard Hansen,

president of the Swedish Industrial Federation—needs a special mention because it was both unusually large (around 40 company representatives) and broad, including representatives from both the large multinational Swedish companies as well as from small and medium-sized companies. Within the business delegation was a special group of companies representing the health care and health services sector. This is a sector which has a growth potential in Brazil. Several Swedish companies have established themselves in Brazil during the last few years, such as Elekta and Getinge and are doing good business already. In the presence of His Majesty and President Lula, we launched a bilateral Business Council that has the intention to serve as a vehicle for increasing trade and investments between our two countries. During the afternoon, the Business Council held its first meeting in Brasília.

Their Majesties also had a meeting with the Justice Minister Paulo Barreto and the President of the Brazilian organization on indigenous peoples' rights, FUNAI, together with 15 representatives, chiefs, of different Indian tribes. This was at a special request of His Majesty because of His personal interest in the matter but also as a preparation for the visit to the Amazon region later in the week. In the evening, I hosted a dinner in the residence for the official delegation and representatives of the Brazilian Government and the business communities from both countries. I do not think the residence had ever looked that beautiful and it turned out to be a joyful and pleasant evening with a lot of opportunities for networking.

The official state visit then continued to São Paulo, the second or maybe even largest Swedish industrial city. I am proud to say that we today count over 200 Swedish com-



Swedish Consul General Barry Bystedt listens to King Carl XVI Gustaf at the Scandinavian Church. (Photo: J.R. Studios)

panies with presence in this country and this is nothing less than impressive, based on the fact that we are a small country on the other side of the world with only 9 million people.

In this multi-million city of São Paulo, Their Majesties met with the Swedes at a cocktail reception at the Scandinavian Church and took the time to greet them all individually as well as to speak a little bit to everyone about the reason for the state visit to Brazil. His Majesty said that He was there to prepare the way for Swedish business and told the Swedes present that "now it is up to you to use this state visit as a catalyst for more business". Also present at the reception were the wife and a son of late Arne Sucksdorff, the Swedish documentary filmmaker who spent so many years filming the natural wonders of Brazil. This was a special moment since Their Majesties had visited the family in the Pantanal region many years ago and had not been able to keep up the contact.

In São Paulo we also organized a Sweden-Brazil day on innovation and high technology cooperation at the Federation of Industries of the State of São Paulo, FIESP, inaugurated by His Majesty and the President of FIESP, Paulo

Skaif. The seminar was originally planned to take place in a conference room for 150 participants but we ended up using the largest theater at FIESP with 500 seats and could not accommodate everyone that wanted to take part. The event was a great success.

At the same time, Her Majesty inaugurated another seminar organized by the Embassy together with the United Nations and the Brazilian Justice Ministry against the trafficking of human beings and sexual exploitation. Also here the conference area did not have enough room for everyone who wanted to take part. The seminar also counted on the presence of Dona Marisa Lula da Silva as well as three Brazilian ministers – Luiz Paulo Barreto, Paulo Vannuchi and Nilcéa Freire, and Swedish Minister for Health and Social Affairs Göran Hägglund. Her Majesty and Hägglund also participated in a round table discussion with the Brazilian network against corporal punishment of children lead by former UN special rapporteur on violence against children, Paulo Sérgio Pinheiro, and with the participation of Xuxa, the Latin American representative of Save the Children, members of the Congress and NGO representatives.

The last official day of the state visit was spent in São José dos Campos touring Vale Soluções Energia, INPE and Embraer. The first company Vale SE started up around two years ago to find environmentally-friendly energy solutions for the regular Vale mining operations. In the development the company sought a partnership with the Swedish truck manufacturer Scania and today they cooperate in order to produce stationary engines running on ethanol to produce electricity in remote areas, replacing the polluting diesel generators for example in the Amazon region.

The second visit was at the National Space Research Center, INPE. His Majesty had visited →

President Lula and First Lady Marisa make a toast with King Carl XVI Gustaf and Queen Silvia during a luncheon at the Itamaraty Palace in Brasília. (Photo: Ricardo Stuckert/PR)





HM Queen Silvia with former Brazilian President Fernando Henrique Cardoso during the Gala Dinner held at the Tivoli Hotel in São Paulo. (Photo: Jonas Ekstromer/Scanpix)



Queen Silvia and First Lady Marisa during the seminar against the trafficking of human beings and sexual exploitation. (Photo: Domingos Tadeu/PR)



◀ The Scandinavian Church facilities were packed with people wishing to meet the Royal Couple. (Photo: J.R. Studios)



The Queen talks with Embracer President Frederico Curado during the Gala Dinner. (Photo: Jonas Ekstromer/Scanpix)



The King and Queen with Defense Minister Nelson Jobim and Ambassador Annika Markovic during their visit to Amazonas State. (Photo: Drasko Markovic)

the INPE already ten years ago together with the Royal Technological Academy delegation and was interested to learn about the developments since then. The INPE runs a state of the art testing laboratory where you can test large satellites for withstanding sound and low & high temperatures. It is an impressive installation. The INPE also has a cooperation with the Swedish Space Corporation and the Director General of this organization joined the visit.

Finally, we visited Embracer, a very impressive Brazilian airplane manufacturer (it is the third largest in the world!), and were received by its President, Frederico Curado. After a delicious luncheon we had a tour of the manufacturing plant and could visit one of the Embracer planes equipped with the Erieye radar system. This is a very successful joint program between SAAB and Embracer. We are hoping that there will be good opportunities to expand this cooperation in the future.

Before joining the luncheon at Embracer, Her Majesty visited the medical faculty and the cancer clinic at the University of São Paulo together with Göran Häggglund and the health care delegation and also had a meeting with the mayor of São José dos Campos to take stock of the successful cooperation between the municipality and Her Majesty's organization Childhood, which now serves as a model for how to strengthen the protection of children in other states and municipalities.

Now (*as this article was being written*), we are on the plane to a small city in Amazonas State called São Gabriel da Cachoeira for a private visit before Their Majesties take off for Sweden. Their Majesties were invited by the Brazilian Defense Minister Nelson Jobim to visit this very remote part of the Rainforest in order to understand better the challenges there are to protect the environment, to protect the borders in the area and at the same time provide a sustainable livelihood and development for the people that live in the forest. ■

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EDITORIALS



Jonas Lindström | Kjetil Solbraekke

The first edition of our magazine usually comes out in March every year, so maybe you have wondered about this "delay"? The explanation is that we decided to wait a little longer in order to include an article on the much awaited Swedish Royal Visit to Brazil at the end of March. The Swedish Royal Couple frequently comes to visit Brazil but this was actually the first official visit in 25 years. I was honored to participate in all activities during their stay in São Paulo and I must say it was a day to remember. The King and Queen were very well received and the representatives of Swedish industry I met with also expressed great satisfaction with their stay in Brazil (more about the visit in our Cover Story).

As you may know, last year was a big success regarding our events, which were many and well attended. We have no intention of slowing down and have already organized several for this year—luncheons, happy hours, workshops and even a presentation held by Swedish Foreign Minister Carl Bildt at our premises. All these events serve to spread knowledge in different areas to our members and are also a means for all of you to meet and make new personal and professional contacts. I am happy to inform you that our number of members is growing continuously, which must indicate that we offer the kind of services they are seeking.

Most members express great satisfaction with our role as a door opener but many companies which are non members have also discovered our excellent Business Center, including video conference facilities, and our marketing tools through this magazine and our website. If you have not yet used any of this, I urge you to get in contact with us for more information, and remember that as a member you pay less!

You are very welcome to share your ideas on how to improve our services even further. What do you want to see more of? We have created a "Strategy Group" working with our long-term vision and today's mission. Your contribution would be most appreciated.

Finally, I would like to say thanks to our Board Member Tommy Svensson who after six and a half years as President of Volvo do Brasil is leaving the company. I would also like to extend my warmest welcome to the new President, Roger Alm. You have been lucky to come to a fantastic country full of opportunities and we hope to see you frequently at Swedcham!

Jonas Lindström

Executive Secretary, Swedish-Brazilian Chamber of Commerce

This is my last editorial as chairman of NBCC. There is a time for everything, and now it is time for a change in the Board. Now it is also time for congratulations and good luck wishes. The first one I would like to congratulate is Johnar Olsen, as the new chairman of NBCC. Johnar is in a great year and period of his life, he recently joined the Norwegian company Scana and will be responsible for its success moving ahead in Brazil, he is expecting a family increase and is now also becoming chairman of NBCC! Most of you know him well and I know you support me when I say we are very happy that he has accepted the challenge, and that we wish him good luck. You can count on our support, Johnar!

There are good reasons also to congratulate the vice-chairman, the very enthusiastic Tor Ove Horstad. This board is led by an excellent duo!

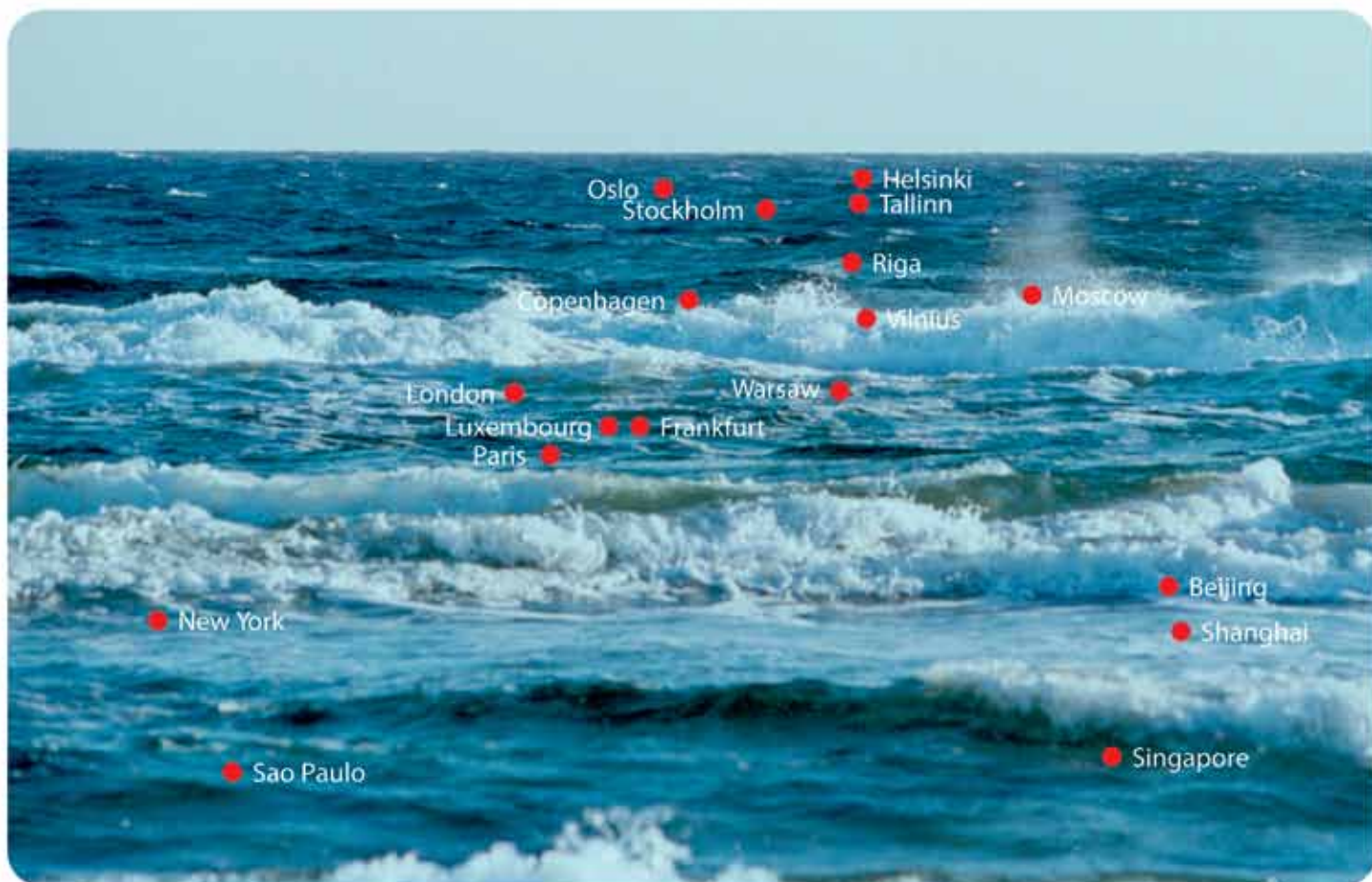
Statoil should also be congratulated these days, after some nervous weeks without being able to lift the deck to the platforms in Peregrino. The job has now been done and they can start preparing to drill the production wells. This is a milestone for the Norwegian oil industry and we all cheer for the flagship. Good luck with the start-up!

I would also like to congratulate the Chamber for a 30% increase in members and a quite solid financial situation. The interest for starting up business in Brazil is huge and not only for our main business areas like oil and shipping. Brazil is interesting for all areas and there seems to be significant optimism regarding the potential in this beautiful country. I had for instance the pleasure to welcome Kinnarps as a member of the Chamber. We all know their products and I take it as a sign of the optimism for Brazil that they now settle here in Rio. I have been an optimist on behalf of Brazil since I first came here in 2005. The country has an enormous potential and a fantastic culture. I believe the collaboration between Norway and Brazil will continue to increase.

Lastly, I would like to thank my colleagues on the NBCC Board. I have enjoyed being on the Board for two very exciting years, with many events, good discussions and meetings. It has been a true pleasure to be on the Board, where you find a distinguished group of business men and women that always have a passion for the Chamber. Thanks for all your help and support, I am truly grateful for the trust you showed me during these years!

Kjetil Solbraekke

Chairman, Norwegian-Brazilian Chamber of Commerce



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Brazil receives top-level visits

By Annika Markovic
Swedish Ambassador

When you read this article we will have just concluded the first official state visit to Brazil of Their Majesties King Carl XVI Gustaf and Queen Silvia of Sweden in 25 years. It is well known in Brazil that the Swedish Royal Family likes to visit this country privately to see family and friends every now and then, but an official visit is very different and of formal value. You can read another article focusing on the Royal Visit in this magazine.

But before the Royal Visit we had another important visitor to Brazil, the Swedish Foreign Minister Carl Bildt, who was here at the invitation of the Brazilian Chancellor Celso Amorim. This was to hold the first political consultations between Brazil and Sweden according to the bilateral agreement to hold such consultations that was proposed by the Brazilians in October 2009.

From our point of view, this means that it is not only Sweden that values good and close relations with Brazil but also Brazil that believes it is important to meet with Sweden on a regular basis in order to touch base concern-

ing important multilateral and bilateral matters. The bilateral talks went very well.

Minister Bildt took the opportunity of his visit to Brazil to also meet with the Swedish business community and, apart from a dialogue meeting at Swedcham that was highly appreciated by the Minister, he also participated in a dinner organized by the Swedish Trade Council with representatives from the Swedish business community and their Brazilian counterparts.

Foreign Minister Bildt has a great interest in airplanes so it came as no surprise that he wanted to use his visit to Brazil to check in with the developers at Brazilian aircraft manufacturer Embraer to learn about the latest developments in the air technology area. In Brasília, along with the meetings at Itamaraty, the Minister also met with Defense Minister Nelson Jobim and President Lula's Foreign Policy Advisor, Professor Marco Aurelio Garcia.

After a full day in Brasília, the delegation travelled to Rio de Janeiro to spend a day in the most famous Brazilian city, visiting the statue of Christ the Redeemer, built with



Swedish Foreign Minister Carl Bildt and Ambassador Annika Markovic (Photo: Drasko Markovic)

Swedish cement, and the Sugar Loaf Mountain with the cable-car built by a Swedish company. This just adds to the fact that Sweden and Swedish companies have been an important part of the development of Brazilian society and are continuing to contribute every day to the development of this beautiful country.

The Royal Visit is just a reflection of this—the historic relations between Sweden and Brazil, but at the same time relations that are continuing to develop and prosper. Brazil is indeed a fun and rewarding place to be as an Ambassador. You are most welcome to send your comments to ambassaden.brasilia@foreign.ministry.se ■

CLÍNICA DE REABILITAÇÃO ORAL E IMPLANTES.



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Foreign Minister Carl Bildt meets with Swedish representatives at Chamber

Swedish Foreign Minister Carl Bildt visited Brazil February 10-11, accompanied by State Secretary Gunnar Wieslander, for bilateral talks with his Brazilian counterpart, Celso Amorim.

The bilateral talks involved the strategic cooperation between Brazil and Sweden and development in the region, as well as aid to Haiti where Brazil plays a major role in United Nations operations, among other topics.

During his visit, the minister met with top representatives of Swedish companies at Swedcham's premises on Rua Oscar Freire in São Paulo for a special event. Mr Bildt gave an informal presentation on the cooperation between Sweden and Brazil. He and his wife Anna Maria Corazza Bildt were shown Swedcham's premises and expressed their great satisfaction with the Chamber being an important and active Swedish institution in Sao Paulo.

The event was followed by a cocktail organized by Swedcham and the Swedish Embassy.

Foreign Minister Carl Bildt and Swedcham Executive Secretary Jonas Lindström.



Johan Fager, Managing Partner of Brazilian Business Partners (BBP), Ingrid Karlborg, Cristina Suplicy, and Haldex do Brasil President João Henrique Botelho.



The event at Swedcham attracted a large audience.

Swedcham Chairman Christer Manhusen, Swedish Ambassador Annika Markovic, and Foreign Minister Carl Bildt.

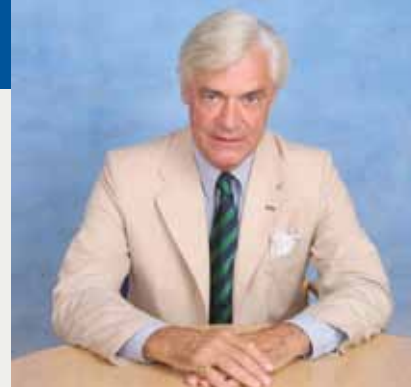


The event was followed by a much appreciated cocktail party catered by Buffet Cicareli.



Multilateral trade relations – The Doha Round

By Christer Manhusen
Swedcham Chairman



The topic may not be the most exciting one for our readers, but nonetheless it remains an important one to follow. So I return with a brief update.

Last year, leaders of both the so-called rich and the emerging countries set a goal of finishing the Doha Round during 2010. It should be recalled that this, the latest of many multilateral trade rounds, was launched in the capital city of Qatar already back in 2001 with the goal of helping countries, in particular developing ones, to prosper through trade. However, trade negotiators have missed every deadline set by themselves, or rather by their political masters, for finishing a negotiation that involves the 153 members of the World Trade Organization (WTO).

The head of the WTO, the Frenchman Pascal Lamy, has estimated that 80% of all the issues in the negotiations have been solved. Unfortunately, the remaining 20% are the politically most controversial and thus constitute the obstacle to wrap up the round.

Much of the impasse comes from major industrial countries requesting developing countries to open up their markets for goods and services in exchange for access to agricultural products from developing countries.


The prospect for a happy ending this year does not look too promising. Previous rounds, that also have taken many years to be concluded, seldom or never managed to be concluded when the world economy was weak. Governments then concentrate on their domestic agendas and are reluctant to make compro-

mises in an international setting which can be criticized at home. This is the situation today.

It is a fair guess that the Doha Round will linger on until the global economy is on a clear way to recovery. In the meantime, we will see a proliferation of bilateral trade agreements, leading to a fragmentation of the world trading system embodied in the WTO and a comeback of the ancient game of the more powerful versus the weaker.

It should be noted that the world trade volume fell by 12 % in 2009, taking it back to 2006 levels, according to a recent OECD study.

With the credibility of the global trading system weakened, protectionism is once again raising its ugly head as governments are finding it increasingly difficult to resist demands for protective measures from domestic industry. ■



An eye for opportunities

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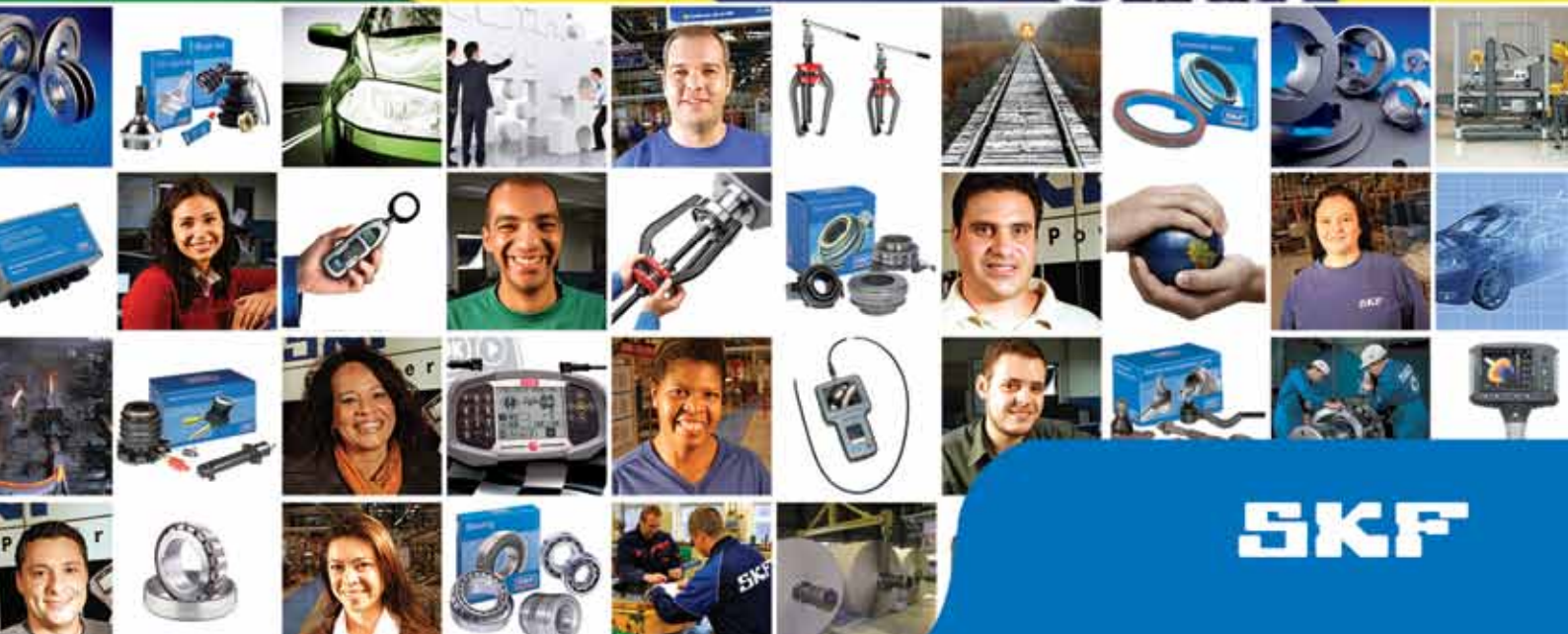
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The SEB logo, consisting of the letters 'SEB' in a bold, white, sans-serif font, set against a green square background.



Sementes Suecas – Swedish design exhibition for children in São Paulo

By Tove Dickman



On the 17th of November last year, the design exhibition “*Sementes Suecas*” (Swedish Seeds) was inaugurated with a cocktail party at the Museu da Casa Brasileira in São Paulo. The exhibition, with products by Swedish designers for children, has been on the road for more than a year and was previously held in Bogotá, Mexico City and Berlin. Curator Margarita Bergenfeldt Matiz, Swedish Ambassador Annika Markovic and Sylvia Augustinsson from the Swedish Institute were there for the opening of the exhibition, together with representatives from the museum, the state’s cultural department and the municipality of São Paulo.

The 50 products that were on display at the exhibition (held through January 17) were created by prominent and enthusiastic Swedish designers and both toys and aids were a part of the exhibit. The aim of the exhibition is to show products that can be playful and secure for children, but also fun and easy for parents. The exhibition also seeks to highlight Sweden as a design country and show the long-term work being carried out regarding the right of a secure childhood.

The Museu da Casa Brasileira was the perfect environment for the exhibition, being a museum with focus on design. At the same

time as “*Sementes Suecas*” was on display, the Brazilian design prize also was presented. The museum has a permanent exhibition displaying 20th century furniture.

The exhibit’s inauguration took place on the big terrace of the museum and around 190 people came to enjoy the delightful atmosphere. The Swedish companies Volvo Lastvagnar, Volvo Personvagnar and Electrolux helped to sponsor the event. The latter two also have products in the exhibition. Absolut provided the inauguration with a much appreciated bar.

In connection with the exhibition, the Embassy and the Swedish Institute arranged two seminars and a workshop with focus on safe design for children. Jan Puranen from Ergonomidesign held a presentation about the design process to create fun and safe products, for both children and parents. Karin Sjölin and Carolin Larsson, landscape architects from the city of Malmö, talked about thematic playgrounds in their city.

One seminar was held at the museum and the other, which was arranged in cooperation with the Escola Politécnica da USP (University of São Paulo), Departamento de Engenharia de Produção, Fundação Vanzolini and Associação de Engenheiros Politécnicos, was held at the facilities of the School of Engineering at the University of São Paulo. The Brazilian Professor Fausto Leopoldo Mascia also spoke on the occasion about his experiences regarding the design process in Brazil.

The workshop, which was led by Karin Sjölin and Carolin Larsson and counted on the participation of the municipality of São Paulo, was a great success. Twelve students from different universities all over Brazil participated. The goal was to build a model of a thematic playground. The model is to be used by the municipality to bring some new ideas into its work. The workshop started with an excursion to the eastern part of São Paulo, one of the poorest areas, where a new park was recently opened.

The students were to pretend that the playground would be built on a site at the park and already after a few minutes they all started to sketch. After the excursion, the bus headed back to the Swedish Chamber of Commerce, where the workshop was held, for further discussions with the coordinators and some well-deserved coffee. The students were all very enthusiastic and ambitious and during the last day their final projects were presented.

The Embassy was very pleased with the outcome of “*Sementes Suecas*”, and made important contacts for the future. The museum was pleased with the exhibition and hoped to display other exhibits with Swedish design in the future. The workshop was also a success, judging from the comments that the Embassy received from the students afterwards. It was a successful cooperation and a lot of people have opened their eyes to Swedish design. ■

(Left to right) Ronaldo Bianchi, São Paulo State Deputy Secretary of Culture, Swedish Ambassador Annika Markovic, and Miriam Lerner and Giancarlo Latorraca, of the Museu da Casa Brasileira, open the “Swedish Seeds” exhibition.





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Claus Barsøe speaks during the inauguration of the new Trelleborg plant



(Left to right) Swedcham Chairman Christer Manhusen, Trelleborg President and CEO Peter Nilsson, and Swedcham Executive Secretary Jonas Lindström.

Trelleborg opens new factory in Brazil

TRELLEBORG SEALING SOLUTIONS FURTHER STRENGTHENS PRESENCE IN BRAZIL BY INAUGURATING A NEW PLANT FOR HIGH-PERFORMANCE SEALS AT SÃO JOSÉ DOS CAMPOS IN THE STATE OF SÃO PAULO.

Trelleborg continues its long-term strategy to invest in markets with favorable growth potential. The group is now poised to further strengthen its presence in Brazil, where it inaugurated a new plant in São José dos Campos outside São Paulo on November 16 last year. The facility manufactures high-performance seals for such items as aircraft and passenger cars, as well as for industrial applications. The plant is part of the Trelleborg Sealing Solutions business area and it will initially employ a staff of around 100.

"We believe that Latin America has highly favorable long-term growth opportunities, and Brazil is one of the principal countries in the region," says Trelleborg's President and CEO Peter Nilsson. "Between the years 2005 and 2008, we doubled our sales in Brazil and it is our view that the overall potential in the area remains good."

"Demand for high-performance seals is favorable in many sectors, such as the aviation and passenger car industries," says Claus

Barsøe, Business Area President for Trelleborg Sealing Solutions.

"In applications for biofuels for vehicles, we have, for example, developed seals that can be used in vehicles that use only ethanol and in vehicles that use both ethanol and gasoline. The development of these seals is a highly important step and means that we can now offer the global automotive industry, including the increasingly important automotive industry in Brazil, products and solutions that are unique in the market."

Trelleborg has two production units in Brazil, both in the region surrounding São Paulo. The facilities manufacture antivibration products for the automotive industry and high-performance seals, respectively, for the aerospace and passenger car industries, among others. Trelleborg has approximately 950 employees in Brazil and sales in 2008 amounted to around SEK 1.2 billion.



■ New factory at São José dos Campos

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ERICSSON

Sandvik inaugurates new plant in Minas Gerais state

SANDVIK MINING AND CONSTRUCTION—A COMPANY OF THE SWEDISH GROUP SANDVIK AB, WHICH PRODUCES PARTS AND EQUIPMENT FOR THE MINING AND CONSTRUCTION SECTORS—OPENED A MANUFACTURING FACILITY IN THE CITY OF VESPASIANO, CLOSE TO BELO HORIZONTE, CAPITAL OF MINAS GERAIS STATE.



Glauco Teixeira, President of Sandvik Mining and Construction in Brazil, and Lars Josefsson, the company's World President.

The new facility, which required around R\$ 65 million in investments, is being used mainly to manufacture components for conveyor systems. In addition to this, the plant will also be used to assemble conical and jaw crushers, vibrating screens, trestles and drums for conveyor belts.

The world president of Sandvik Mining and Construction, Lars Josefsson, and Gary Hughes, the company's regional manager in Latin America, came to Brazil especially for the event, held last September "This new facility shows Sandvik's commitment to its customers, suppliers, distributors and personnel in Latin America," Josefsson said.

As all major Sandvik facilities, the Vespasiano plant has the best production technology and is certified according to ISO 9001, ISO 14001 and OSHAS 18001. The group's ambition is to be a world leader in all areas in which it operates with zero compromise on quality and safety. The 18,000-square-meter Vespasiano plant is yet another good example of this.

"This is in line with Sandvik Mining and Construction's long-term strategy of bring-

ing value into our customers' processes. With 50% of our sales in the Southern Hemisphere it is a natural step to also set up manufacturing close to our customer base. It will increase the availability of our products and we will be able to serve our customers even better," noted Josefsson.

According to Glauco Teixeira, head of Sandvik Mining and Construction for Brazil, the Vespasiano facility is the only plant in the world to combine in one single production process the most advanced technologies used by the Sandvik group in other manufacturing units in Europe and Oceania.

The Vespasiano manufacturing facility is the company's first factory for the production of rollers for conveyor belts in Brazil—the others are located in Sweden, Australia, Finland and Germany—and the only one projected for this purpose.

In Minas Gerais, Sandvik also houses the area of raw material supplies responsible for supplying all the company's roller factories in South America. In line with the group's global strategy, the area has been developing a chain of suppliers capable of meeting vari-

ous demands abroad. Currently, about 40% of contracted suppliers are located in Minas Gerais. "We try to favor local companies due to the logistics, but as long as they meet our technical requirements and are in tune with our business conduct and environmental practices," Teixeira said.

The Sandvik group was founded in Sweden back in 1982, and currently comprises three business areas (Mining and Construction, Industrial Tools and Materials Technology), which together operate in around 130 countries all over the world and employ more than 50,000 people. In 2008, the group registered revenues totaling approximately US\$ 11 billion. ■



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Swedish old timers in Brazil

SWEDCHAM HAS DECIDED TO PAY TRIBUTE TO SOME OF ITS OLDEST MEMBERS BY WRITING A REGULAR COLUMN ABOUT THEM AND A BIT OF THEIR HISTORY IN OUR MAGAZINE. WE HOPE THAT THEY, AND OF COURSE OUR READERS, WILL ENJOY THIS AS MUCH AS WE HAVE!

Cristina Suplicy

After having graduated from the Girls' School Lyceum in Stockholm, Cristina Suplicy Mendes-Gonçalves moved to Madrid where she had relatives. "I met my future husband Roberto Cochrane Suplicy, a Brazilian with roots in Santos," she recalls. "His company, called Escritório Suplicy, was very well known in the coffee industry. The British Embassy arranged a garden party in which Roberto proposed and in 1954 we got married in São Paulo. The wedding ceremony was held in a private chapel which belonged to Count Andrea Matarazzo and his wife the countess Amália Matarazzo, who were parents in law of my husband's brother.

"Since I was lucky to enter a wonderful family, it was natural that my impressions of this country were and still are very positive. I love Brazil and São Paulo. Of course, there are some disadvantages, but then you can simply shut one of your eyes..."

"I have had a very interesting life. I remember back in 1964 when we were on the coffee plantations in the north of Paraná, we suddenly received a phone call and were told to go immediately to São Paulo because there was a revolution on its way. So we packed and left, and on the way we saw many other friends who also had farms in the region. It was a very adventurous trip

Cristina Suplicy



but when we arrived in São Paulo we didn't hear or see anything. We were told not to go out. Actually I never had the feeling of being spied upon. Maybe I was too immature to notice. I remember that when we traveled out of Brazil in those days it could be complicated to return. We foreigners had to put up with a lot of bureaucracy."

After so many years Cristina has noticed how many things have changed. "Imagine that today people outside Brazil know that Buenos Aires is not this country's capital... Talking about capitals, my husband and I were invited to the inauguration of Brasília, which is something I will remember forever."

After 13 years of marriage, Cristina's husband passed away, but she stayed in the country. "For some years I worked as a stockbroker, which in those days was something totally different from what it is today. Later I met my second husband, Alvaro Roberto Mendes-Gonçalves, who was a lawyer and through him I got a new big family which I love and that is why I can only adore this fantastic country."

Unfortunately, Cristina became a widow again. "I try to travel to Sweden and other countries in Europe at least once a year. I still have family and friends over there."

"I am very happy to be a member of Swedcham. I receive useful information about what is happening in the Swedish-Brazilian business community and I like to keep updated about what is going on. When I think about it, what would life be if one didn't love one's two countries and one's friends?"

Ingrid Karlborg

Ingrid Karlborg was born in Gothenburg, where she also grew up and studied. "In 1950, I got married and moved to a town called Perstorp where my husband had a position at Skanska Attikfabriken. One day he came home and asked if I wanted to move to Brazil. He had been invited to open a sales company in São Paulo," she says.



Ingrid Karlborg with Swedcham Executive Secretary Jonas Lindström

"My positive reply was immediate and in September 1952 I took our son, who at the time was one year and a half, on one of the transport ships belonging to the Johnson Line, heading to Santos.

"My parents were not too happy about us moving so far, but we were only supposed to stay two years. However, after the first two years we got another two and that's the way it continued and now I have been here for 58 years..."

According to Ingrid, the trip to Santos lasted almost three weeks and it was most interesting, "including some intensive rolling on big waves. We went to São Paulo by taxi and another car took my baggage. When we drove up the mountain range I wondered what would appear on the other side. I had imagined living in something like a bungalow, but that was definitely not the case. We came to a cobblestone street with semi-attached houses and there we met many other Swedes who had arrived recently. Among others, we met with people working for Monark, Nife, Sandviken, Electrolux and LM Ericsson.

"From the very first day I felt that this was a place I was going to like and easily settle in. Brazil was so different from small Sweden! The file I bought came wrapped in newspaper and the kitchen was really different from the ones I was used to. We had a small old oven and a sink/cooking area of marble, and only cold water came from the tap, but all these new things I soon got used to.

"Brazilians are a wonderful people so in this country you simply must be happy. To-day I feel that there is nothing lacking here. The years have flown by and inevitably the question where to live after retirement came up. We discussed places like Florida, France and Portugal, but then we figured: why move when we enjoy life in São Paulo so much and this is where we have most of our friends?"

"We go to Sweden in May every year and come back to Brazil at the end of September, so I really get the best of both worlds. My husband was one of the co-founders of the Swedish-Brazilian Chamber of Commerce. It is now more known as Swedcham and I am very happy to see how it is growing. Its facilities can be used for so many different purposes!"

Per Parborg

Per Parborg was born close to Västerås in 1929 and after hard work and evening studies he finally started working for Kanthal AB. "After some years I was able to get trainee work in the USA. Returning to Kanthal, I worked adapting and making special American machinery for manufacturing electric tubular



Per Parborg

radiators."

After a few more years, he was offered to start a radiator factory in São Paulo in 1962. "Everything went well, but after three years with the death of the main stockholder in Sweden they did not want to continue in Brazil. As I and my family already liked São Paulo, I was able to buy the company, which had more or less 30 employees. Until the Color Plan [with measures that led to a sharp fall in the economy's liquidity] we had 230. I ran the company until I was 72 years old and then I sold it," he reminisces.

"From 1962 until today, Brazil has made an outstanding progress and after 48 years here it is difficult for me to return to live in Sweden. There are so many activities you can do here the whole year, but in Sweden only during a short season. Golf is such an activity, and I play frequently—mostly here in Brazil, but it is also a good excuse to travel to other countries.

"At my age it is important to be active and through golf I also have social activities since you never play alone and always take time to sit down with friends after the round to eat, drink and joke.

"Of course, sooner or later, I will return to Sweden as we have a summer house there and children as well as grandchildren," says Per.

"The first year in São Paulo I and my company became members of Swedcham, which in many ways has given me more security here."

Note: Swedcham has a special membership fee for old timers. If you are interested please get in contact with us. Invitations to all our events and the magazine are two of many member benefits.

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The "Brazil and the Future" conference was a big success

"Brazil and the Future" conference in Stockholm

The Brazilian Chamber of Commerce in Stockholm organized this conference together with Jornal do Brasil and Casa Brasil. There were a total of 170 participants and we are planning to make this a yearly event.

We had many important and interesting speakers in this conference. On Brazil's side, they included Brazilian Ambassador Antonino Mena Gonçalves, Marcos Troyjo, Board Director of Jornal do Brasil and President of Casa Brasil, world famous plastic surgeon Prof. Ivo Pitanguy, Miguel Rossetto, President of Petrobras Biofuel, Antonio Roberto Cortes, President of Volkswagen do Brasil, and sociologist Gilberto Freyre Neto, President of the Gilberto Freyre Foundation, among others.

Sweden was represented by State Secretary Gunnar Wieslander, Martin Lundstedt, Executive Vice President and Member of the Executive Board of Scania, Thomas Malmer, Project Manager at The Royal Swedish Academy of Engineering, Prof. Sven Kullander, Chairman of the Energy Committee at The Royal Swedish Academy of Sciences, and

Prof. Ivo Pitanguy and Christina Oiticica



Brazilian Ambassador to Sweden Antonino Mena Gonçalves addressed participants in the "Brazil and the Future" conference

Thomas Arctadius, Managing Director of Stockholm University Holding, among others.

We were also assisted in marketing the event by the Brazilian Embassy in Stockholm, Stockholm University, the law firm Törngren & Magnell, the Swedcham office in Stockholm and IVA.

The theme of the seminar was a mixture of industry, science and culture. In the first session new energy, sustainability and industry were discussed with emphasis on Brazil's important role in the bioenergy sector. The second session focused on the areas of medicine, bioentrepreneurship and education.

In conjunction with the seminar an exposition entitled "Amazonia" was organized with the paintings of Christina Oiticica at the Hotel Diplomat. The opening had a lot of visitors.

Törngren Magnell together with the Chamber held an event in connection with the focus on how to enter the Brazilian market through the acquisition of a Brazilian company. ■

International Women's Day

The Chamber organized an event at the Restaurant Viva Brazil in Stockholm to celebrate the 100th anniversary of the International Women's Day. Ten companies with Brazilian women managers/owners sponsored the event.

Some 150 participants listened to successful Brazilian women entrepreneurs in Sweden and afterwards a lottery was organized where products from each company were raffled out to members of the audience.



Elisa Sohlman, Hugo Oljemark and Danielly Fagern of the Brazilian Chamber during the International Women's Day event

New Marketing Manager

Danielly Fagern started working as the Brazilian Chamber's new Marketing Manager in February and she is originally from Brazil. Just now she is also writing her Thesis for a Master's in Business Administration with specialization in innovation and entrepreneurship. She has previously a BSc in Business Administration from Brazil, and speaks Portuguese, English, Swedish and Spanish.

During the last five years in Brazil, before she moved to Sweden, Danielly worked at international brewery AmBev (Companhia de Bebidas das Americas). She was involved in sales and sales support, promotion and introduction of new products and market analysis. Her time at AmBev has helped her build a strong and stable foundation for future work in industry. "I see my work at the Chamber as a continuation of my intensive and comprehensive background from Brazil," she says. "I look forward to creating new bridges between Sweden and Brazil and I am confident that the future looks very bright for Brazil. I am proud that I may be a part of this process."

Danielly can assist in making contacts, gathering information, and setting up meetings for all our members.

WAT training

The Chamber organized two evening events in January to inform about the changes in the European WAT system. Staff from the Swedish Tax Authorities held the courses and the information was very clear and useful.

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Tommy Svensson leaves Volvo do Brasil

"BRAZIL & SWEDEN/NORWAY" RECENTLY INTERVIEWED SWEDCHAM BOARD MEMBER TOMMY SVENSSON, PRESIDENT OF VOLVO DO BRASIL, WHO WAS LEAVING THE COMPANY AS THIS MAGAZINE WAS GOING TO PRESS. HE IS BEING REPLACED BY ROGER ALM, WHO HAS BEEN WITH THE VOLVO GROUP FOR 20 YEARS AND WAS PREVIOUSLY DIRECTOR OF THE EASTERN REGION OF THE VOLVO TRUCK CORPORATION'S EUROPE DIVISION. WE WOULD LIKE TO TAKE THIS OPPORTUNITY TO BID FAREWELL TO TOMMY SVENSSON AND EXTEND A WARM WELCOME TO ROGER ALM!



Tommy Svensson

B&S/N: When was the first time you came to Brazil?

TS: I first arrived in Brazil in 1980 when I visited the plant in Curitiba, and then Brasília and Rio de Janeiro. After this I came back a few more times. In October 2003, I arrived to live here after accepting the position of President of Volvo do Brasil, which I have held for six and a half years.

B&S/N: Could you tell us about your impressions of this country?

TS: Brazil is a wonderful country—the people, the climate, the life style. I like the attitude of Brazilians. They never see a problem, always a solution. They are a people with whom it is easy to deal. I have made good friends here.

B&S/N: How was your experience at the helm of Volvo do Brasil? What are your most vivid memories?

TS: The experience of heading an organization with people committed and willing to collaborate is great. In Brazil we have a joint company structure, where the different business areas and units work together for the good of the organization, where everyone does their own very best bringing major benefits for the business and clients. I leave Volvo do Brasil with a high level recognition by the Group, as a model of organization.

B&S/N: What about your impressions of Curitiba in particular? It is considered the cleanest city (or at least one of the cleanest cities) in Brazil and the world. What

is your favorite location in this country?

TS: Curitiba is a very organized city, very clean, with a great quality of life and an excellent transportation system. I have several places I really like in Brazil and Bombinhas, in Santa Catarina State, is one of them. I really enjoy the beaches of Santa Catarina.

B&S/N: Once again 2009 was a great year for Volvo in Brazil, could you comment a bit about the company's results in this country last year?

TS: In spite of the repercussions of the international crisis, 2009 was an excellent year for Volvo do Brasil. We became Volvo's largest truck market worldwide. We produced more than 10,000 trucks and the model FH 440 – which we have just launched in the South American market – was the highest selling in its class in Brazil. Once again we were chosen one of the 10 best companies to work for in this country. We are also considered the country's most admired truck manufacturer.

B&S/N: What about the 17th edition of FENATRAN (the International Transport Fair, held in São Paulo from October 26 to 30 last year)? Could you give us some figures about Volvo's participation in this event?

TS: We had an excellent participation. In addition to the world's safest truck – which is already manufactured in our plant in Brazil – we also exhibited the FH 700 truck, which in addition to being the safest is also the most powerful in the world. We consider FENATRAN to be a business fair and this year, with





Roger Alm

a highly motivated sales force and the joint work between the dealer network and the plant, we hit record sales: over 2,000 orders for trucks in one week.

B&S/N: Volvo do Brasil won the PNQ (National Quality Award) 2009, being the first vehicle manufacturer to receive this award in its 18-year existence. Could you comment on this?

TS: Yes, after six years preparing the or-

ganization, we are the first automotive manufacturer in Brazil to receive the National Quality Award. This is the highest recognition of excellence in management that a company can have. We are part of an industrial group with a history of seeking excellence that dates back to its foundation in the 1920s.

B&S/N: Is there anything you would like to add?

TS: Brazil is a wonderful country. A young country that brings together all races and cultures and, in spite of the differences, the country shares a positive mood and a high level of national pride. I will miss the people when I return to Sweden. I have lived in several countries and my thought about Brazilians is a single one: a people made up of different cultures and races, but all with the same pride, of being Brazilians. I already feel a bit Brazilian myself! ■



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Speaking on behalf of Stavanger, Norway's oil capital

By Juliana Tafur

"Brazil and Norway are two countries different in culture and population, but with a lot to offer in terms of oil and energy," said Stavanger Mayor Leif Johan Sevland at a January 28 event organized by the Norwegian Brazilian Chamber of Commerce at the Sofitel Copacabana.

The Norwegian politician came to Rio de Janeiro with a delegation from Greater Stavanger. The priority on their agenda was a meeting with Governor Sergio Cabral, in which a memorandum of understanding was signed.

Mayor Sevland shared his message to Cabral with an attentive audience of Norwegian and Brazilian business people. "The technical problems in offshore Brazil are very large and Norwegian companies are very keen to help solve them," he said.

There's no doubt that Norwegians have experience in challenging the deep seas - in harsh weather conditions, it should be noted - and that this quest has made them experts

in the field of offshore oil and gas exploration.

But the mayor wasn't boastful. Instead, he emphasized the importance of mutual cooperation in order for both countries to emerge stronger: "There are some needs in Brazil that Norway can fulfill and Brazil has a competence which we can use in Norway," he said.

The city of Stavanger is considered Norway's oil and gas capital - a reputation earned since the country's oil discoveries 40 years ago. As a center for offshore activity, the city has become a research hub on the subject.

"If I should give one piece of advice to the Brazilians, it is to be open to new technology and have an open mind towards companies from all over the world," said the mayor.

Though he was laying the ground for companies of Stavanger interested in coming to Rio to do business, the mayor was pleased with the strong foothold of Norwegian enterprises already in the country.

"It's good to see companies run by Nor-

wegians, who are doing a good job and being good citizens at the same time," he noted. ■

Sun, ice-cream and historical tour

This year the NBCC had the pleasure of hosting members and their families and friends in a somewhat different way than usual to celebrate Christmas. A warm and sunny Saturday at the Fortress of Urca was the scenario that gathered about 130 people celebrating the end of a very upbeat year. The kids were received by a play group with activities such as soccer, drawing and *capoeira* demonstration. Besides the games, they also had the opportunity to jump on a trampoline and pick up ice-creams from an Italia ice-cream cart that kept circulating. Meanwhile, grownups were able to enjoy the beautiful view of Baía de Guanabara at the sound of the band "Samba de Três" and very cold beer. A tour of the Fortress was guided by soldier Pampoline, who told the participants a bit about Rio's history while showing the Fortress's cannons and old passageways. Thank you to all who participated! We hope to see you at our next event! ■

New Member

NBCC would like to extend a warm welcome to its new Gold Member R&M Ship Interior. ■

GOLD MEMBERS

The Norwegian Brazilian Chamber of Commerce would like to extend a warm thank you to its Gold Members.

If you have any doubts about membership in the NBCC, please contact Executive Secretary Ana Luisa Ulsig Leite at info@nbcc.com.br



The increase of subsalt costs due to REPETRO's tax impact

By Camila Mendes Vianna Cardoso*



Under Brazilian legislation, the entry of assets or goods into Brazil to be used during a determined period of time and for specific purposes, in the oil and natural gas industry, may enjoy the benefits of REPETRO, which is a special tax regime that relieves the burden over federal taxes applicable over imports—Import Tax (II), Excise Tax (IPI), PIS—Imports and COFINS—imports—currently ruled by Normative Instruction RFB 844/08.

The REPETRO is quite an advantageous tax regime, inasmuch as it totally suspends the collection of federal taxes on the occasion of the importation.

The head officer of the Federal Revenue unit in charge of customs clearance is incumbent upon granting the REPETRO, issuing the competent Executive Declaratory Act (ADE).

As a rule, the period of permanence of the goods submitted to REPETRO in the country will be the one stipulated in the contract of performance of services or charter contract supporting the import process. The importer is obliged to present a Term of Responsibility, along with a guarantee equivalent to the amount of the suspended taxes.

Up to the first quarter of 2009, the REPETRO's eligibility applications used to take two to three weeks to be granted by the competent authority. However, this period has been recently extended to 60 days and, in practice, the applications have been taking four to six months to be analyzed and many applications have been denied.

For illustration purposes of the difficulties faced, we ascertained that during the year 2008, an average of 491 ADEs a month were granted and published, whereas in 2009, this figure dropped to 222 ADEs, that is, less than half.

A large part of these delays is due to formal requirements issued by the Customs Control Division (Diana) under Ordinance no. 357 of May 22nd, 2009, such as presentation of sworn translation of the contract and registration at the Registry of Deeds and Documents.

Such ordinance still opens the possibility for the customs authorities to request any other documents they deem appropriate, even if not yet expressly included in the normative text, such as the CAA (Certificate of Charter Authorization), which can only be obtained one day before the arrival of the vessel. Therefore, we will certainly have at least two months with the pieces of equipment and vessels held up in Brazil, unable to operate and bearing with all costs resulting from warehousing, crew, and others, for not having obtained the REPETRO.

If the REPETRO is not granted, the importer will be subject to the temporary admission regime, with payment of taxes proportionately to the time of permanence of the asset in the country, on a 1% a month basis over the amount of the import taxes that would be due, in the event of full payment.

For exemplification purposes, in case of definitive importation of a support vessel, the tax cost with the definitive importation may reach up to 60% of its value. Therefore, if the vessel is valued at R\$ 10 million, the taxes in the definitive importation may reach R\$ 6 million and, in case of temporary importation, the importer will be obliged to pay 1% of such amount, multiplied by the number of months corresponding to the time of permanence. In case of a five-year contract, a temporary importation without the application of the REPETRO generates an additional cost of R\$ 3.6 million (60 x R\$ 60,000).

The main issue, however (and to make the position of the companies even worse) is that the customs authorities significantly altered their interpretation and started to question the models of contracts adopted for supporting the entry of assets intended for the oil industry, such as the model of charter approved by ANTAQ (National Agency for Waterways Transportation) and by PETROBRAS, designated Time Charter (*afretamento por tempo*). It is regrettable that such authorities lack cohesiveness when ruling this matter. How can the REPETRO not be applicable to time charter contracts drafted in the form determined by the Regulatory Agency and PETROBRAS, the latter being the major concessionaire in Brazil?

In view of the aforementioned, a dangerous and uncertain environment is thus presented as far as the REPETRO qualification requests are concerned. Therefore, urgent measures by the competent authorities should be adopted, inasmuch as we have the subsalt project to develop and we can not face such a challenge in such a disorderly and costly manner.

* Camila Mendes Vianna Cardoso is Senior Partner at
LAW OFFICES KARL KINCAID/
Mendes Vianna Advogados Associados

Aker Solutions wins major contract for two FPSOs in Brazil

AKER SOLUTIONS HAS SIGNED A MAJOR CONTRACT WITH PETROBRAS TO SUPPLY SULPHATE REMOVAL UNITS (SRU) FOR TWO FPSOS (FLOATING PRODUCTION STORAGE AND OFFLOADING) PLATFORMS (P-58 AND P-62) WHICH WILL OPERATE OFFSHORE BRAZIL. THE VALUE OF THE CONTRACT AMOUNTS TO USD 41 MILLION.

The scope of work comprises the supply of two sulphate removal systems with associated equipments. The SRU systems will be installed on the top-sides of the P-58 and P-62 FPSOs.

The sulphate removal technology provided by Aker Solutions delivers treated and de-sulphated seawater for injection into the hydrocarbon reservoir to maintain the pressure and control scaling and souring effects in the reservoir. High quality injection water devoid of sulphate and particles provides cost savings and improves the safety aspect in the handling of well streams.

"The Brazilian market is growing fast and there is a huge potential for the type of solutions we can offer through our highly experienced team," says Ronaldo Ribeiro, President of Aker Solutions' process systems business in Brazil. Aker Solutions has deep roots in Brazil and gained significant experience over the years through previous deliveries of several similar projects using both local and international execution. "This contract reflects the diversity of products and services Aker Solutions offers in Brazil to meet a wide range of clients' needs in the country," concludes Ribeiro.

The contract will be executed by Aker Solutions' team based in Rio de Janeiro who will further develop the conceptual design and oversee the project all the way through delivery. Detailed engineering, procurement, fabrication of major equipment, commissioning and start-up are included in the contract.

"Aker Solutions is committed to implementing a considerable level of Brazilian con-



Aker Solutions process system equipment

tent in the execution of this contract," says Børre Sveen, President of Process Systems in Norway. "With this contract we are able to capitalize on our expertise in SRU technology through our local engineering and life cycle service team in Brazil," he states.

The FPSO P-58 will produce 180,000 barrels of oil per day and will operate in the North part of the Parque das Baleias field. P-62 has equal capacity and will operate in module 4 of the Roncador field, both located in the Campos Basin offshore Brazil. First oil is scheduled for 2014.

The contract party within Aker Solutions is Aker Solutions do Brasil Ltda. The project will be overseen by the Aker Process Systems Group, a recognized world leader in providing a complete range of upstream process products, technologies and life cycle services.

Aker Solutions ASA, through its subsidiaries and affiliates ("Aker Solutions"), is a leading global provider of engineering and construction services, technology products

and integrated solutions. Aker Solutions' business serves several industries, including oil & gas, refining & chemicals, mining & metals and power generation. The Aker Solutions group is organized in a number of separate legal entities. Aker Solutions is used as the common brand/trademark for most of these entities.

Aker Solutions' parent company is Aker Solutions ASA. Aker Solutions has aggregated annual revenues of approximately NOK 58 billion and employs approximately 23,000 people in about 30 countries.

Aker Solutions is part of Aker (www.akerasa.com), a group of premier companies with a focus on energy, maritime and marine resource industries. The Aker companies share a common set of values and a long tradition of industrial innovation. As an industrial owner controlling 40.27 % of the shares in Aker Solutions through Aker Holding AS, Aker ASA takes an active role in the development of Aker Solutions. ■

New frontiers for emergency response

The fast growth of offshore activities in Brazilian deeper waters requires new technological solutions in E&P systems and support vessels, creating many opportunities for companies that provide cutting-edge technologies that are able to solve current and future demands. In this context, Paschoalin Consulting—representing Norwegian companies such as Odfjell Drilling, Norshore and Aptomar in Brazil—has been helping foreign companies to position themselves in the Brazilian oil and gas market.

In November 2009, Paschoalin signed a contract to represent the promising Norwegian company Aptomar. The system developed by Aptomar, called SECurus, is able to improve many Health, Safety and Environment (HSE) aspects of vessels, platforms and terminals complementing the available systems and procedures. The SECurus consists of a stabilized sensor unit that includes a visible light video camera, day/night active infrared camera and a searchlight, which together are intended to assist in services such as SAR – Search and Rescue, Safety, Surveillance and monitoring of oil spills.

The SECurus system can be installed on the bridges of supply or OSR vessels, floating production units and fixed platforms. The accompanying Lighthouse system integrates the output from multiple SECurus systems plus other third-party sensors into displays in the “situation rooms” of fleet owners and E&P companies to provide a real-time, Common Operating Picture during emergency response operations.

Aptomar’s market entry has strengthened environmental security in the petroleum industry. The SECurus solution has proved so successful in the offshore industry that it was incorporated by Norwegian organizations and government agencies, becoming part of the mandatory specifications of fleets and regulatory requirements.

Major international E&P companies have specified SECurus for all new vessels worldwide as Best Available Technology for using in Search and Rescue and in oil recovery operations. In addition, the system meets the numerous new regulatory requirements that will take effect in the short term as the standards set



Aptomar's sensor unit

by IMO for anti-piracy and the new Brazilian regulations that require measurements to estimate the relative thickness of different parts of an oil spill.

One of the unique advantages of the SECurus system is its ability to do automatic calculations of the oil spill location and display its boundaries on a sea chart, estimating the thickness of the oil spill to a distance of 2.2 nm. This feature enables the system to identify a region of recoverable oil which represents only 10% or less of the slick area, which corresponds to 90% of the volume of the oil spill. Thus, it is possible to plan a much more effective recovery operation, reducing environmental impact.

Another feature of the system is to provide 24/7 surveillance of the vessel or platform perimeter, up to 20 nm away, with automated alarming for suspicious incoming vessels. Bridge officers get up to 30 minutes of advance warning of a potential incursion, which can be crucial to securing personnel and equipment and safely curtailing operations.

Search and Rescue functions are also greatly improved by this system, as it reduces the inaccuracy of information during the operations of emergency response by continuously adapting all search patterns to the changing sea and weather conditions. The system is able to detect just the head or face of a person lying in a survival suit, up to 2 nm away, calculating the target's location, displaying it on the sea chart and locking on to follow the target as it drifts.

Aptomar has successfully been able to develop such a technologically advanced system which addresses the HSE issues and requirements of the offshore oil industry. ■

The SECurus display highlights an oil spill in infrared and automatically plots its location and boundaries on the sea chart



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Current status and trends on international services taxation in Brazil

By Ivan Taül and Roberta Caneca*

In 1996, Brazil changed its connecting factor for determining the income tax liability of its residents from the classic territoriality principle to the worldwide principle. This, added to the increasing development of international trade of goods and services, has highlighted the importance of concluding comprehensive tax treaties for the avoidance of double taxation.

Despite the execution of tax treaties, a continuous barrier to the flow of capital, goods and services exists in the form of mistaken interpretations on treaty provisions given by the Brazilian Federal Revenue Office. As a general rule, most of the income related to cross-border transactions between treaty countries is fully subject to taxation in the source country if it is attributable to a Permanent Establishment (PE) in that country, but may be exempt or subject to withholding tax (WHT) if no PE exists.

However, in 2000 Brazilian tax authorities ruled a new tax treatment for outbound payments of technical service fees, which

does not entail transfer of technology, making them subject to WHT in Brazil regardless of the existence of a PE. Pursuant to Normative Expository Act n° 1 of January 5, 2000 ("ADN 1/00"), revenues resulting from the rendering of technical services without the transfer of technology is to be classified in the article "Other Income" of the treaty and, as such, subject to WHT in Brazil without any limitation.

Note that, while the intent of article 21, as originally provided by the OECD model treaty, is to confer exclusive taxing rights over the so-called "Other Income" to the residence country of the recipient, tax treaties executed by Brazil have not adopted this rule. Thus, to the extent of residual income, Brazil and its treaty partners each apply their own criteria as set forth in their domestic legislation, which may cause distortions and double taxation.

From the position held by the Brazilian Federal Revenue Office arises the issue on whether the imposition of WHT on outbound payments of technical service fees made to foreign entities located in treaty jurisdiction with no PE in Brazil violates tax treaties' provisions and the Brazilian tax system. Because such a position strongly affects companies that come to invest in Brazil, especially those which execute intercompany service contracts, Brazilian companies have started to challenge this position before Federal Courts based upon the following arguments:

(a) Pursuant to the provisions of the article 98 of the Brazilian Tax Code, tax treaties are not overridden by domestic rules, and must be observed by any supervening law.

(b) Brazilian efforts to tax outbound services payments as "Other Income" should not be acceptable simply because this type of income is governed by the Article 7 of the OECD model treaty.

In this respect, we draw your attention to the articles 31 and 32 of the Vienna Convention, which establishes that treaty terms must be interpreted in good faith, by mutual



Ivan Taül

agreement of the parties, in accordance with the ordinary meaning to be given in their context, and with the relevant rules of international law. Such directive is reinforced by the article 25 of the OECD model treaty, which dealing with "Mutual Agreement Procedure" set forth that "[t]he competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation of or application of the [treaties]".

Still regarding the interpretation of treaty terms, the Vienna Convention states that they must be interpreted "in their context and in the light of its object and purpose". Pursuant to the OECD Commentaries, "[t]he purpose of paragraph 1 [of article 7] is to provide limits to the right of one Contracting State to tax the business profits of enterprises of other Contracting States". ADN 1/00 clearly conflicts with the purpose of article 7 of the OECD model.

After almost ten years from the enactment of the ADN 1/00 and a number of decisions issued by Federal Courts, which

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Roberta Caneca

TAPB Group is a reference on the offshore market

With the ever growing offshore market, business opportunities tend to grow day after day and the Brazilian shipbuilding and offshore industry has been on the rise for at least eight years and everything indicates it will continue to grow over the next 10 to 15 years. But the biggest jump started in 2009 when Petrobras began investing on the basis of findings from the pre-salt layer, which is attracting increasing interest from foreign companies in our country.

But with this expansion the industry needs companies with experience that can offer effective solutions to their customers. It was to meet this growing demand that the TAPB Group was formed, targeted at the national and international companies operating in the Brazilian oil sector, specifically researchers, explorers and producers of oil.

The embryo of the Group emerged in the mid-1990s when the oil market was still weak and virtually all maritime agencies were geared to serve coastal and long-distance ships.

Solana, the company that gave rise to the Group, came up with the idea of doing something different from its competitors. The first big leap in the sector occurred with the end of the oil monopoly of Petrobras and foreign companies began to migrate to Brazil. It was at this time that the pioneering spirit of the TAPB Group bore fruit.

Today, the TAPB Group comprises five

companies, all aimed at serving the oil industry and led by founding partner and currently Group CEO Tarcio Augusto Pires Bezerra. Today we have a large part (around 90%) of the market, in the maritime agency segment, with a portfolio of more than 60 active clients, mostly international.

Port Logistic takes care of the import part, the administration and port logistics of vessels, providing full support with all the necessary documentation, entry into the inspection agencies, experience with port authorities and other maritime institutions that facilitate the whole process.



Brascrew specializes in human resources, selecting and hiring skilled personnel, management and maritime labor, to comply with Resolution 72 of the Ministry of Labor and Work Visas for Foreigners

Acamin is a Brazilian shipowner, providing support for businesses that require scout ships and offshore support vessels, duly empowered in ANTAQ, the Maritime Court, and with registration at Petrobras for the import and operation of vessels.



Saiçu is active in the field of foreign trade.

Transoll takes care of the land transport of executives, technicians and staff to ports, airports, hotels and offices.

What will be the great challenge of the country in this new gold rush?

Tarcio: To have modern equipment and high technology to extract oil from the pre-salt layer. Manpower skilled in all stages of oil, from research to extraction.

What can a Group like yours contribute

positively to this new phase of Brazilian development?

Tarcio: Make it easier for new foreign players to adapt to the regulations of our agencies, bringing agility in the import and licensing processes, and minimizing downtime of the units, since the daily cost involves tens of thousands of dollars.

As an entrepreneur, who built a solid group such as TAPB, what can you say about your experience and challenges, then and now?

Tarcio: The challenges before ensure us the experience and serenity to face the challenges ahead. You cannot measure which are the most difficult to be faced, but they certainly will be great and whoever is better prepared will quickly surpass the competition and be able to offer the differential the market requires.

What are your next challenges?

Tarcio: Our structure in relation to the expansion of our Group and permanent training of our human capital. We are a Group that each day is renewed because the market requires constant renewal, whether in terms of process, of attitude, or in the form of facing these challenges.

Being a highly dynamic segment, how do you stay tuned about what is happening in the market?

Tarcio: Sources of information are the most distinct. They may be the most democratic, as the specialized media, or the most simple, as an informal chat. The important thing is to always look for news.

The oil and gas market, considered by the Government as a "key to Brazil's economic independence", also boosts the sector of capital goods and therefore the entire production chain in the country. This is the time when we can take the great leap and stop being the country of the future to become the country our children and grandchildren. ■

Tarcio Augusto Pires Bezerra



Healthy food, healthy crew

By Ana Luisa Leite



(Left to right) Nutritionists Angela Maria de Avellar, Maria Júlia Vasconcelos and Sara Singer.

Flaxseed, açai, cashew nuts. Items that were never before found on a NorSkan ship today abound on the food list; and what seemed to be just an improvement in the working conditions for the crew has proven to be a life saver!

The attention to nutrition started in February 2008 when Hans Elingsen, CEO of NorSkan Offshore in Brazil, noticed that his crew was getting weaker throughout the periods spent on board. Noticing that the source of the problem could be related to what and how people ate, he contacted Overbridge Consulting, specialized in nutrition under severe conditions.

Over six months, an intensive research was carried out, from the preparation of the food list to the crew's physical state. The agency got the results of physical tests made with more than 25,000 employees working offshore in the Campos Basis, not only from NorSkan. An enormous rate of diabetes was identified as well as hypertension and stroke risk.

"Ice-cream, chocolate and meat (a lot of meat!) were three basic items on the food list," says Maria Júlia Vasconcelos, Overbridge nutritionist, who adds: "There were no parameters for choosing these items, either from a nutritional or from an expense con-

trol point of view; it varied according to the taste of each captain." According to Maria Júlia, it was the ship's own cook who prepared the monthly list and forwarded it to the food supplier.

"What happens on a ship is that, in the first week, everybody is happy, making jokes, laughing and having a good time. In the second week, they are not joking that much. In the third week, there is only silence. In the last week, the quarrels begin." Maria Júlia affirms that it is possible to reduce bad temper if one follows the appropriate diet: "You digest better, you sleep better and you feel better. Then you socialize better with others and have more energy to work."

The first step of the new program was to qualify the ship's agents, who showed several irregularities. "In addition to seeking new suppliers, we gave the opportunity for those who were already hired to meet the newly-established criteria," says Maria Júlia. The food list was reduced, standardized and seven new menus were developed including approximately 115 proteins present in various recipes. The second step would be then to professionalize the cooks who already worked on the ships, most of them without a degree. Through an association with Senac Gastronomy, NorSkan offered a specialized training to the cooks, from food handling to the preparation of the recipes.

In the beginning, there was a lot of resistance to the new nutrition program: "I was raised on a farm, where quantity counts more than quality!" boasts Commander Uchôa, of Skandi Salvador, who admits: "I only started believing in the program when I saw my blood tests." The third and last step was the hardest one: to convince the crew that the new program had come for the best.

"We suffered small veiled threats (laughs Maria Júlia); 'I'm going to throw you overboard' and 'There will be a mutiny' were some of the things we heard." During several months the

team of nutritionists attended all pre-embarkation meetings in order to talk directly to the crew, showed statistics in small seminars and answered questions. People gradually started to understand what was happening and the importance of the program.

"Once we took the results of an employee who had just gotten on board and was on the verge of a heart attack," Maria Júlia says that his level of triglycerides was up to 508 (the limit is between 150 and 200). They had to assist him by phone during his shift and when he was back onshore one month later by following his eating habits. At the end of the shift his triglycerides were down to 188. "It was an impressive and thrilling transformation."

However, André Luis Barbosa had a different impression when the program first arrived. The 34 year-old DPO senior, who had always had a healthy diet and a very sensitive intestine, was used to getting sick every time he was offshore. "Even the rice was filled with fat, it shone!" he says, "I even considered quitting working on board." For André, the new menus not only assured his health but also kept him working in the area he wished.

"We have earned their trust," says Sara Singer, another nutritionist in the program. "Some people ask me for advice for their children at home." After all the hard work the Overbridge team had, that is certainly a great reward. Now, it is more likely for them to hear comments such as "Doctor, I feel like another person," "My wife is very happy!" and even "You have saved my life."

NorSkan plans on having 21 ships by the end of 2010. The costs for the special diets for the whole fleet will be high in the beginning. But "this is a long-term investment," according to Maria Júlia. "The employees work more, better, and get sick less often. And the company doesn't spend so much with substitutes, treatment and medicine."

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Cook Geraldino Antônio Barbosa, who works on board the Skandi Salvador.



Norse Energy and Pan-Petroleum create new independent South Atlantic oil & gas company

New Brazil Holding ASA ("NBH"), a company controlled by Norse Energy Corp. ASA ("NEC"), and Pan-Petroleum (Holding) Cyprus Ltd. ("Pan-Petroleum"), have entered into a business combination agreement. The business combination will create a strong independent South Atlantic oil & gas company with a reserve and resource base in excess of 200 MMBOE, and establishes a solid foundation for further growth through additional M&A activities.

The combination of assets is based on a 50/50 equity valuation of Norse Energy do Brasil and Pan-Petroleum. The companies have secured funding for the new company through equity capital commitments of USD 65 million based on a pre-money equity valuation of USD 288 million. The transactions are contingent, inter alia, upon approval from an Extraordinary General Meeting in NEC to be held in April, 2010 (*as this magazine was going to press*).

Pan-Petroleum is owned 94.5% by funds managed by Sector Omega ASA ("Sector") with the balance owned by Pan-Petroleum management. Sector is owner of a 30% minority interest in Norse Energy do Brasil, which will also be included in the transaction. Sector will control approximately 66% of the shares in the combined company, but understands the need for share liquidity and believes its shareholding is likely to be diluted as the combined company pursues its growth strategy.

Kjetil Solbrække, CEO of Norse Energy do Brasil, comments that "The creation of a stronger, focused, independent South Atlantic oil & gas company is an exciting milestone for us. The experienced management and organization have the capability to both manage the current portfolio and take advantage of new business opportunities in the South Atlantic. We are all very confident about the region and look for-



ward to getting started."

Norse Energy do Brasil currently has one field in production – the Manati gas field in the Camamu Almada basin – as well as three fields planned for development and attractive exploration assets in the Santos Basin in Southern Brazil.

Pan-Petroleum's West-African asset base offers near-term production from a discovery offshore Nigeria (the Ajapa field), access to a huge onshore resource base in Congo (the MKB license), an interest in a substantial gas, condensate and oil development offshore Nigeria (the Aje Field), as well as considerable exploration potential in the Dussafu license offshore Gabon. The company is registered in Cyprus and has most of its staff based in London.

Dr. Phil Vingoe, CEO of Pan-Petroleum, says that "We look upon this merger with great enthusiasm. Over the past two years Pan-Petroleum has built a world class team and compiled an exciting portfolio of assets in West Africa. Access to both the additional skills in Norse plus new sources of capital will accelerate the delivery of value to all shareholders, partners and host governments."

The combined company will have a strong management team with complementary organizations. The CEO of the new company will be Solbrække, and Vingoe will be pro-

posed as Chairman of the Board in the combined company. Current CFO in Norse Energy ASA, Anders Kapstad, will become CFO in the new company and Nishant Dighe, the COO in Pan-Petroleum, will assume the position of COO. Thor A. Tangen will assume the role of EVP, Field Development, and Alistair Stobie that of EVP, New Ventures.

Financing of the combined company has been secured through equity capital commitments of USD 15 million from leading international and Norwegian investors, in addition to commitments of USD 20 million from Norse Energy Corp. ASA and USD 30 million from Sector. The raising of new capital for the combined company was based on a pre-money valuation of USD 288 million. Pan-Petroleum has no debt and the post-money enterprise value of the combined company will be approximately USD 418 million.

Norse Energy and Pan-Petroleum have engaged Pareto Securities AS ("Pareto") and Arctic Securities ASA ("Arctic"), as financial advisors in connection with the merger. Pareto and Arctic have also acted as joint lead managers for the new equity issue in the combined company.

"The acquisition and merger with Pan-Petroleum will strengthen Norse Energy's presence in Brazil. We will have access to more capital and human resources and see Brazil as the most important growth area for the new company going forward. We will continue with a strong organization in Rio and Oslo in addition to London, and to support the NBCC as a gold member going forward. There will be a lot of Norwegian companies in Brazil and Rio going forward, and Norse will continue to be one of the most active companies in the exciting future in this country. After the demerger from NEC ASA and the merger with PAN Norse Energy do Brasil, a name for this new company will be presented. And it will continue to be listed in Oslo, Norway," says Solbrække. ■

A common Swedish-Norwegian market for electricity certificates

By Dag Mjaaland and Børre Gunnerud*

WITH 60% OF TOTAL ENERGY CONSUMPTION COMING FROM RENEWABLE SOURCES AND A WELL ESTABLISHED HYDROELECTRIC INDUSTRY DELIVERING SOME 99% OF ELECTRICITY PRODUCTION, THE DEVELOPMENT OF NEW RENEWABLE ENERGY PRODUCTION IN NORWAY HAS HITHERTO BEEN SLOW. AN OFTEN CITED REASON FOR THE LIMITED DEVELOPMENT IS THE LACK OF EFFICIENT STATE SUPPORT SYSTEMS FOR RENEWABLE ENERGY. THE IMPLEMENTATION OF THE RENEWABLE DIRECTIVE HAS, HOWEVER, SPURRED RENEWED NEGOTIATIONS AND AGREEMENT ON SOME MAIN PRINCIPLES WITH SWEDEN CONCERNING THE ESTABLISHMENT OF A COMMON MARKET FOR ELECTRICITY CERTIFICATES.

Introduction

Through the EEA Agreement, Directive 2009/28/EC on the promotion of the use of energy from renewable sources (the Renewable Directive) will be made part of Norwegian law, and impose legally binding targets for the share of renewable energy in Norway's energy balance. The Norwegian Water Resources and Energy Directorate has estimated that this may require an increase in renewable energy from today's share of 60% to around 70-74%.

To reach this target, the Norwegian state will in part need to devise an efficient support system for new renewable energy. The Swedish system for electricity certificates has proven successful, with an increase in renewable energy production of more than 6.5 TWh/y since 2002.

Individual systems for electricity certificate markets exist in a number of EU member states as well as in some US states, but details of the systems vary and the certificates are not interchangeable. An efficient elec-



Dag Mjaaland

tricity certificate market, however, requires a certain volume, and while Sweden has established a national market, Norway has been deemed too small to support a national electricity certificate market.

Main principles for a common market

On September 7, 2009, the Swedish and Norwegian governments entered into an agreement concerning the main principles for the further development of a common electricity certificate market. The future common system will be aligned with the requirements and obligations of the EU Renewable Directive.

The Swedish system in use today is, with a few exceptions, technology neutral and does not discriminate between technologies (hydropower, wind, biofuel etc.). The agreements between the two governments state that a

common electricity certificate market should also pursue such neutrality.

Norway will negotiate with the EU over adjustments to the Renewable Directive before adapting it, but the Norwegian Government is prepared to undertake targets equally ambitious as Sweden's, which is aiming at an increase of 25 TWh/y from renewable sources

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Electricity certificates is a market-based support system aimed at increasing the development of new capacity for renewable electricity production: Producers of renewable electricity are awarded electricity certificates by the State for every unit of electricity they generate. Typically, one certificate represents generation of 1 MWh of electricity.

In order to create demand for these electricity certificates, it is mandatory for electricity suppliers and for certain electricity users, such as electricity-intensive companies, to purchase a certain proportion (quota) of electricity certificates in relation to their electricity delivery/electricity consumption. By selling awarded certificates the producers of renewable energy receive a premium on top of the market price for electricity.

The cost of the certificates is evened out with the cost of all electricity sold in the relevant market, contributing to a small increase in the market price for electricity paid by the end consumer. In an illustration of the system, published by the Norwegian Ministry of Petroleum and Energy on September 7, 2009 the estimated cost for the consumers is 0,0048 NOK/kWh (approximately 0,056 cEUR/kWh) in the first year of the scheme, rising to 0,043 (approximately 0,5 cEUR/kWh) in year eight.

Børre Gunnerud





Low cost management style

The current generation of Brazilian managers can be considered highly qualified to work in any market in the world because they've learned how to survive during difficult days.

Maybe you don't know this, but during the Seventies Brazil used to grow at rates comparable with China today. Unfortunately, after the "gold years", this country stopped growing for more than 25 years and, as normal in a difficult market, everyone tries to survive but only the best succeed.

The ones who succeed have developed skills that were not necessarily in their genes and this can be easily noticed in the management style of the top executives who drive this market nowadays.

One of the main characteristics is the ability to adapt to new scenarios quickly with high creativity. The creativity factor is mandatory to survive.

Comparing Norwegian and Brazilian managers, it is possible to notice a major difference in how to handle investments. For the Norwegians, once the strategic decision is made, the company really goes for it and money is the tool used to reach its goals. The same path applies to the Brazilian manager, but how to do this when money is not available? Even with a good strategy they need to be creative and find solutions without the necessary capital available.

This is the "low cost management style" driving the Brazilian market today, where the concept of the best solution is not necessarily the cheapest solution and normally does not apply during the regular decision-making process. In other words, the cheapest is the best solution because in their mind they need to survive today. Tomorrow...well, tomorrow will be dealt with tomorrow.

According to some global headhunters, Brazilians are normally well accepted due to their great flexibility to adapt to new scenarios very fast.

Some of the consequences of this management style are not positive such as the

aversion to risks, therefore companies on their way to Brazil should keep in mind when hiring Brazilian managers that steady growth is manageable but acquisitions and higher risks will be heavily supported by the mother company.

The second negative heritage is related to the training of employees! It isn't a common language to invest in the qualification/education of employees. Aside from Petrobras, some government institutions and international groups working in Brazil, you will rarely see this type of investment in companies managed by Brazilians.

The third one is related to the culture of investing in Research & Development. Here again, the culture to survive first is strongly present on this subject and maybe you will ask yourself...how long will the company survive?

As mentioned above, few are the professionals that have achieved success and these winners concentrate the decision-making power in their own hands, not sharing with others. This way to handle power can be considered as effective cross-cultural management. Brazilians, in general, have a very hierarchical business set-up and decision-makers are often reserved for the most senior people. Keep in mind that building the proper working relationship is crucial to your success.

In many smaller companies, the management style is paternalistic, with the boss taking on a parental role. Their objective is to

guide employees and help them achieve the goals. When empowered and encouraged to do so, Brazilians can be extremely creative and work well in teams.

Power is held in the hands of the few. This hierarchical nature is reflected in the degree of formality observed among people in business situations. Great deference is paid to authority figures, job function, scope of responsibility, and reporting relationships are clearly defined and strictly followed.

Approaching the end of this article, Brazil is facing a new "gold era", especially in the oil sector where several opportunities are arising and the migration from other areas is intensive. One of the consequences will be the slight change in the conservative management style to more aggressive risk takers.

Unfortunately for the companies, or fortunately for the professionals, the lack of qualified and reliable top managers in Brazil justifies the reasons why they are more expensive than in the US and Norway. Of course, we shall not forget the bureaucratic taxes on top of this.

During my years working for the Norwegian Oil & Gas Association INTSOK, I have supported several Norwegian companies on the way to Brazil and several of these companies were forced to delay the process due to the difficulties in finding the correct person in the market. When I mean correct, understand qualification and the cost of this professional.

To conclude this article, it is important to say that Brazil is on top of the agenda for almost all international companies working in the Oil & Gas area and the main challenge is to find one of the persons with a low cost management style that does not necessarily mean a low salary.



**Johnar Olsen is vice-president of the Norwegian Brazilian Chamber of Commerce (NBCC) and President of Scana do Brasil Industrias Ltda. He has more than 20 years of experience in the Oil & Gas industry.*

Piquet Carneiro gives presentation



"How to comply with foreign and domestic anti-corruption laws" was the subject of the presentation given on April 6 at Swedcham by João Geraldo Piquet Carneiro. The event, sponsored by Chamber member and sponsor Veirano Advogados, attracted some 40 people and was a big success.

Foreign and domestic companies in Brazil are becoming increasingly aware of the fact that their business activities, specifically in terms of adherence to ethical standards of conduct, may be subject to foreign legislation with extra-territorial application. This is

the case of the U.S. Foreign Corrupt Practices Act (FCPA) and the United Kingdom Serious Fraud Office (SFO). In addition, private companies also need to be prepared to follow standards imposed by domestic laws that are not necessarily identical or compatible with foreign standards.

Depending on the type of business these companies carry out in Brazil, compliance with said rules and standards may present complex managerial problems and legal risks. In a country as big and diversified as Brazil, this is a really challenging issue.

The objective of the presentation was to identify the more immediate questions and risks, how to cope with them, and what precautions local companies should take.

Piquet Carneiro is admitted to the Bar of Rio de Janeiro and Brasília D.F. and is the senior partner of Veirano & Piquet Carneiro Advogados in Brasília. He is engaged mainly in the practice of Administrative Law, Economic Law, and Antitrust matters and has participated in several initiatives of legislative reform.

He is the director-president of the Helio Beltrão Institute, a non-profit organization dedicated to the improvement of the Public Administration, and is the author of several articles and essays on administrative reform, debureaucratization and deregulation.

Chamber members and guests were treated to an excellent buffet with cocktails following João Geraldo Piquet Carneiro's presentation.



Networking Luncheon at Marcel Restaurant

The Chamber held another of its much awaited and successful Networking Luncheons on Wednesday March 31, at the Marcel Jardins Restaurant at Rua da Consolação in São Paulo's swanky Jardins neighborhood near Swedcham's facilities on Rua Oscar Freire.

On the occasion, attended by many Chamber members and friends, Easter Eggs were raffled among the participants. The winners were Lara Ciara Pessim of WM Trading, Christopher Simmons of Simmons Consulting, and Daniel Brandão de Castro of Husqvarna.

This was the very first Networking Luncheon at the Marcel Jardins Restaurant, which has a 54-year tradition of classic French cuisine under the command of renowned Chef Raphael Durand Despirite.



(Left to right) Christopher Simmons of Simmons Consulting, Lara Ciara Pessim of WM Trading, and Daniel Brandão de Castro of Husqvarna were the winners of the Easter Egg raffle held during Swedcham's March 31 networking luncheon.

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New Members

The Chamber wishes to welcome the following new members up to March 26:

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• Bless Logística Internacional Ltda.

Bless Logistics is a 100% Brazilian company with a large experience in national and international logistics. It provides excellence and efficiency to its customers, has great partners in all continents and a good network of agents and sub-agents in all Brazilian ports and airports. Services include air freight, ocean freight, road freight and customs clearance.

• COBREQ

COBREQ was founded in 1961 and began production of brake pads for the automotive industry in 1962. Back in 1969 it became a pioneer in the manufacture of brake pads, moving in 1975 to Indaiatuba (São Paulo state), where it inaugurated new installations.

• Thule Brasil

Thule develops, manufactures and markets intelligent solutions that increase the space in your car. Our racks offer the "perfect fit" for more than 1,500 car models and produce a wide range of bike racks, boxes, racks for skis and water sports and other accessories.

• Elekta Medical Systems

Elekta is a human care company pioneering significant innovations and clinical solutions for treating cancer and brain disorders. Elekta provides intelligent and resource-efficient technologies that improve, prolong and save patients' lives.

• Laboratórios Ferring Ltda.

Ferring Pharmaceuticals is a research-driven biopharmaceutical company devoted to identifying, developing and marketing innovative products in the fields of reproductive health, urology, gastro-

enterology, endocrinology and osteoarthritis.

• MAJca Innovation & Sustainability

MAJca is a consulting firm specializing in innovative strategic management of sustainability. Its projects and business designs help companies to generate wealth tied to socio-environmental programs. The company, whose work is recognized by major corporations, encourages scientific research and actively participates in this process with developers worldwide, promoting the allocation of financial resources for such development.

• Youngbird

Youngbird provides the best prospects for reaching your future employees. We identify talent and handpick students from Scandinavia's leading universities. Through us your company has the opportunity to evaluate top talent by offering them an internship.

• Instituto Movimento Pró-Projetos

The Institute, created in July 1997, is a consulting and research company that provides services to both public and private companies. It has been involved in hundreds of projects in the areas of Culture, Sports, Tourism, Science & Technology, Social Responsibility, Childhood & Adolescence and Justice.

• S/A Comunicação

S/A Comunicação (Sabino and Associates) is today one of the 30 largest communications agencies in Brazil. With a team of journalists with extensive experience in the newsroom of the largest and most important media outlets in the country, the agency offers its clients a wide variety of services.

• Total Security Solutions

The company provides Risk Management and Security Consulting, Business Management and Investment Consulting, and Technology Consulting. It is owned and managed by a trusted, international team of European, American, British and Brazilian experts.

• JCE Group

We are a long-term investor with an active interest in our companies. Hence, the business idea is to own and develop companies and not to buy and sell. We spread the risk by being active in many different business areas. The focus is on long-term business that can provide interesting investment opportunities.

• Critério Estudos Especiais

Critério Special Studies offers more than 40 years of dedicated involvement in the Brazilian market of consulting engineering. Public transportation, concessions, privatizations and development banking are some of the features in our projects and network portfolios.

• Trelleborg Soluções

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Green Solutions from Sweden

Swedcham and Clean Tech Regional Solutions organized an informal workshop at the Chamber's premises on February 19. The event was led by the Founder and CEO of Clean Tech Regional Solutions, Lars Ling—who was previously on a tour visiting Singapore, Australia, Japan and the United States before landing in São Paulo.

The workshop was informal and the topics included:

- Introducing Clean Tech Regional Solutions
- The potential in Clean Tech
- 3300 billion Euros – The clean tech market in 2020
- EcoCycle Design – Energy efficient and ecologic houses and buildings – world's largest business opportunity



Lars Ling, Founder and CEO of Clean Tech Regional Solutions, addresses Chamber members during the workshop held in February.

Elanders

Our new printing company

Swedcham is proud to announce that, as of this edition, our Corporate Member and Sponsor Elanders is the official printer of our magazine "Brazil & Sweden/Norway".

We believe that this is the beginning of a long and fruitful partnership!

Upcoming presentation on Subsidiary Financing

As this magazine was going to press, Swedcham was organizing another presentation at its facilities, with the support of member and sponsor SEB.

The presentation, entitled "Subsidiary Financing – Options & Taxes", was scheduled for April 15 and was to be given by Daniel Brandão de Castro, Finance Manager at Husqvarna, and Fernando Hirata Muramatsu, Head of the Advisory Tax Department at Fraga, Bekierman e Pacheco Neto Advogados.

The objective of the presentation was to kick-off an interesting discussion about this subject with representatives of Swedish industry in Brazil. The presentation was to include the possible financing strategy from a company view and the tax impacts corresponding to the various financing options, as well as an overview about the current tax situation including the scheduled introduction of a new "Thin Capitalization Rule".



Grands Crus Nespresso event

Swedcham and Chamber member Nespresso held a special tasting event for the latter's Grands Crus at the Nespresso Boutique Oscar Freire on March 24.

The Nespresso story began 23 years ago with a simple but revolutionary idea – to create the perfect cup of espresso coffee with exquisite crema, tantalizing aroma and full-bodied taste.

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The company, present in more than 50 countries, has been reporting an average annual growth of 30% since 2000 and is one of the fastest growing businesses in the Nestlé Group. It has sold more than 20.4 billion coffee capsules and 12 million coffee machines since 1986.

New Pastor

Since January, the Pastor at the Scandinavian Church is Jörgen Franzen, who will be staying here in São Paulo until the end of June. In Sweden, he works as a hospital chaplain, an activity he will resume when he returns there.

Pastor Franzén and his wife Marie-Louise first came to Brazil in 1982, when he worked as a sailors' chaplain for the Scandinavian Church in Rio de Janeiro until 1987. Marie-Louise, who works as an assistant at the Scandinavian Church in São Paulo, teaches chemistry and biology in Sweden.



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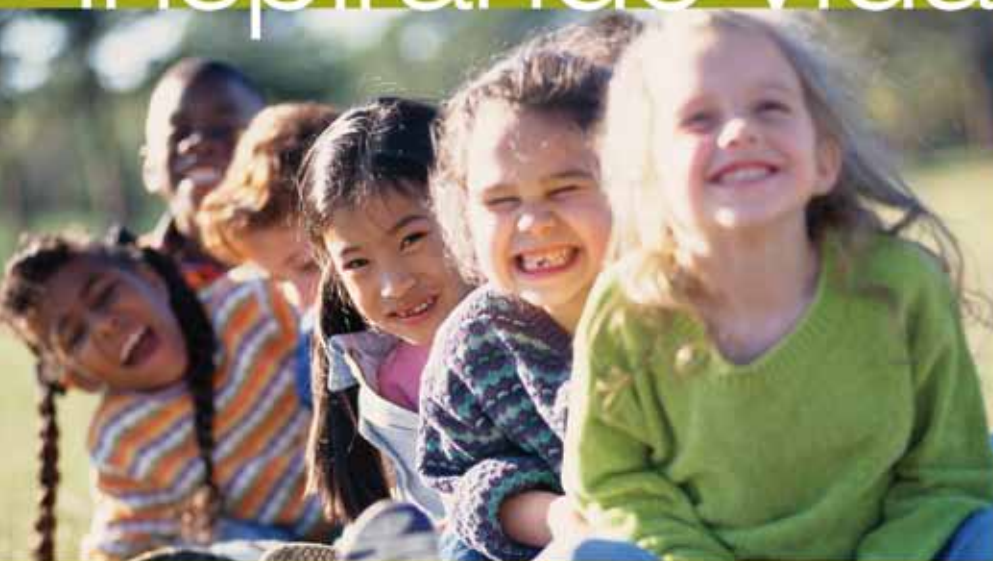


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Is your company ready to grow in 2010?



ALL SIGNS INDICATE THAT THIS YEAR WILL BE ONE OF ECONOMIC GROWTH HERE IN BRAZIL. WE MUST NEVERTHELESS BE HEEDFUL IF THIS GROWTH WILL BE HOMOGENOUS IN ALL AREAS AND HOW INTEREST RATES WILL BEHAVE THROUGHOUT THE MONTHS. IN ORDER TO FACE THIS NEW CHALLENGE OF GROWING IN A SUSTAINABLE MANNER, CHECK AND SEE IF YOUR COMPANY DID ITS HOMEWORK IN THE PAST FEW YEARS AND ADJUSTED ITS MANAGEMENT ACCORDINGLY.

There is no doubt that during the last two years, especially in 2009, we experienced a general financial crisis in the world and which also affected Brazil in various areas. Even though the crisis had a smaller impact than in other countries, many companies were obliged to reduce their production, cut down on their number of employees, move to smaller offices and become indebted in order to meet their financial commitments. This scenario involved small, medium-size and big companies alike.

In one of the articles published in this column, we suggested that, beyond the aforementioned orthodox measures, companies should also look at their form of management, directing it increasingly more towards a Business Process Management (BPM), and give special attention to Innovation and Performance. We also warned about the oscillating movements of the economy—whether due to external causes, such as the situation in Greece, or internal factors, such as this year's elections. We also mentioned the possible difficulties which a large part of the domestic market will have in the first half of 2011 due to the change in government.

Although it is difficult to get used to, today we need to conduct our companies in an agile and flexible manner so that they may accompany the growing and accelerated changes of markets, whether of the sup-

ply chain or clients. How many companies switched their fleet to alcohol-powered cars and today suffer with the fuel's high prices? How many companies analyzed what would be the impact of this decision on their Value Chain and the risk associated with the possibility of a fuel shortage? After all, there was a similar situation in the past when the Alcohol Program existed, although due to other causes.

Nowadays, when we are equipped with tools and methodologies that can support the accompaniment of the Value Chain associated to the Market, to the Business Model and Strategy, it is perfectly possible to react in time in order to correct one's course or even change the Value Chain. However, the bottleneck ends up being the same, year after year. The lack of a Human Capital prepared to operate with a high performance, well trained and adjusted to an environment of changes, and principally committed to the responsibility of success.

We must all be aware of the difference that exists between what one learns today at universities and that which the corporate world really needs. We cannot despise or relegate to a second level the difficulty of communication existing between the x and y generations within companies. This kind of situation only reinforces the constant need of training, training and training the Human Capital of our companies. And this at all times, with or without a crisis. Can you imagine the consequences of a soccer team in crisis that does not train its athletes? What would be its chances of improving?

Today it is becoming increasingly necessary for leaders and executives of organiza-

tions to have a holistic view of the company within the globalization we are witnessing. There is no longer a ready-made recipe or remedy for any situation. One needs to foresee, understand and especially react swiftly to any situation. The tools existing today will only help us. The course to be followed is in the hands of people, of Human Capital. And this course may have an angle that is more Asian or more Occidental. More of management or of leadership. More hierarchical or more democratic. More financial or more related to production. More of IT or more related to labor.

The mixture of tools and methodologies throughout the times come and go so that new ones may appear. Increasingly more complex and always aimed at an increase in quality and productivity. People also come and go, but now with a greater variety and diversity, often not giving us enough time to really get to know them. It is essential to invest not only in their professional formation, but also in their holistic formation, otherwise they will only know how to use the mixture but they will never be prepared. Not all companies have invested adequately and enough in their Human Capital, especially in times of crisis. The year 2010 will go by quickly and so will opportunities. There is less and less time to lose. And what about your company? Is it ready to grow in 2010 and face 2011?

**Dieter Kelber is the Executive President of the Advanced Institute of Intellectual Development (INSADI)*

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Among the several risks Swedish investors must avoid when doing business in Brazil is the commercial agreement's counterparty default related to effective or potential default pointing to bankruptcy. In international business, risk level assessment may vary from one to another culture. Therefore, in order to ensure that the obligations and credit claims resulting from the contracts concluded under the local law remain grounded, special attention must be paid to the parties' will and the agreement's corresponding wording.

To illustrate this situation, one could think of a very large umbrella cooperation scheduling different but complementary agreements, like in a "going concern" transaction. Together, on the one side the Nordic owners and on the other side the local managements in Brazil, they must assess the going concern project, which may imply a business judgment and deep risk analysis, at a particular point in time, about the future outcome of events or conditions which are inherently uncertain. The following factors are the most relevant.

The degree of uncertainty associated with the outcome of an event or condition increases significantly the further into the future a judgment is being made. Any judgment about the future is based on informa-

tion available at the time at which the judgment is made. Subsequent local events can overturn an analysis which was reasonable at the time it was made by decision makers located abroad. Also the size and complexity, the nature and condition of the business and the degree to which it is affected by external factors all affect the judgment regarding the outcome of events or conditions.

In a booming and fast growing economy like Brazil, still with a not yet 100% adequate regulatory framework, lacking some governmental infrastructure and stable legal system, commercial problems may arise quite unexpectedly. If a company has its client portfolio concentrated on a few big clients, and one or the other fails to comply with ongoing payments, the business can quite quickly suffer larger risks, which may lead to bankruptcy. Another quite common situation arises when a state license for a production plant is revoked or penalties are imposed due to large environmental violations, although not wished as such, but deriving from misinterpretation.

Therefore it is always advisable to focus, before anything else, at least on (i) corporate matters (analysis of corporate structure, the relationship among its partners and towards its management), (ii) business aspects (review of all contracts currently in force that could

be related to the transaction to verify the existence of any clause that could impair the transaction and strategies to overcome it, (iii) compliance with employment-related rules (to verify the relationship existing between industrial plant staff and the corresponding unions, to check the terms of the collective bargaining agreements in force and their compliance by the local management, as well as if health and safety policies meet Brazilian standards, among others), and (iv) tax issues in connection with the given operation (review of accuracy of corporate tax returns, verification of the timely payment of all taxes the operation is subject to, as well as the fulfillment of the corresponding ancillary obligations foreseen by Brazilian tax law, analysis of the consistency and validity of potential tax benefits/ exemptions that could have been granted to the target business as well as the existence of any other situation that could trigger a notice of tax assessment by the Brazilian tax authorities). A proper review must also take into consideration v) antitrust aspects, since a joint-venture or commercial agreement could at a certain level affect the competition in the products sector as well as vi) environmental and regulatory details. All these measures above must be adopted in order to mitigate risks for the foreign company not to be considered as a successor for the liabilities arising thereof.

Furthermore, it is fairly common that commercial agreements declining a commercial purpose and providing for reciprocal equivalent obligations also contain supplementary accessory obligations without any corresponding direct benefit to the foreign investors. This can be quite often the case when an operational joint venture is carried out without the set-up of a commonly held company for the purpose of registering the owner's equity and all investments, besides assuring operational control and decision power to the Nordic investors.

Besides these cases already cited above, we should not forget the one-sided supplementary obligations which may be deemed gratuitous and therefore unrecoverable under a bankruptcy procedure (Law 11.101, art. 5). This understanding may be surely questioned under the Brazilian Civil Code, article 591, which provides that when a commercial contract is concluded and does not foresee any kind of remuneration, the latter is pre-

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Commercial agreements: default risks in a legal environment

By Bruno Mirabile and
Renato Pacheco Neto*



LBC together with CAE–Eurocâmaras: Upcoming international arbitration events

As this edition was closing, Swedcham's Legal & Business Committee (LBC) was working on the arbitration seminar to be organized together with the European Court of Arbitration (CAE-Eurocâmaras) and the Institute of Arbitration from the Stockholm Chamber of Commerce. In May this year, Brazil will be serving as hosting headquarters for the most important worldwide arbitration conference organized by ICCA (International Corporate Council for Commercial Arbitration) together with CBAr (Brazilian Committee of Arbitration). The three-day conference will take place in Rio de Janeiro and will welcome hundreds of arbitrator and experts in the field.

ICCA benefits from a non-governmental organization (NGO) status duly accredited by the United Nations, and had in that capacity an important role in the preparation of the UNCITRAL Arbitration Rules, the UNCITRAL Conciliation Rules, the UNCITRAL Model Law on International Commercial Arbitration, the UNCITRAL Model Law on International Commercial Conciliation and other UNCITRAL projects. The event shall therefore attract many experts in this field to Brazil.

CBAr was also invited to join us, but will unfortunately not be able to participate since its chairing the ICCA conference in Rio. The Brazilian Arbitration Committee was founded in 2001 by leading specialists and is focusing on the permanent debate of arbitration and exchange with other research groups and recognized institutions not only in Brazil but worldwide. CBAr holds Conferences and Seminars in Brazil and abroad, and publishes, through IOB Publishers, the so-called "Revista Brasileira de Arbitragem" (Brazilian Journal of Arbitration).

Taking advantage of this larger international event, Swedcham—which is currently chairing the European Chamber of Commerce in Brazil (Eurocâmaras)—decided to

propose to the other bilateral chambers to also organize an in-house debate in São Paulo, together with the CAE-Eurocâmaras and CBAr. This also very important event is scheduled to take place on May 27 at 9 a.m. at Swedcham's premises in the Jardins area. One of the keynote speakers will be Christer Söderlund, Board Member of the Stockholm Chamber of Commerce's Arbitration Institute.

Söderlund is a lawyer and partner in the prestigious Swedish law firm Vinge. He is also one of the most experienced Swedish experts and has offered substantial contribution to the development of arbitration. He authored many articles in specialized magazines and legal reviews. He also serves as Swedish Arbitrator appointed by the Stockholm Government to represent it before the World Bank's International Center for Settlement of Investment Disputes (ICSID), which can be considered the leading international arbitration institution that is dedicated to investor-state dispute settlement.

Furthermore, Söderlund counts on a large professional experience on how to overcome barriers to the free international flow of private investments. This may occur due to non-commercial risks and the absence of specialized international methods for investment dispute settlement. In his career he played a very important role in the field of international investment and economic development. So hopefully members of Swedcham and CAE-Eurocâmaras will learn a lot and help Brazil to be better prepared for its future in the world economic arena.

SwedCham and CAE-Eurocâmaras also invited Harry Burnett to be the other speaker. He is a partner in Crowell & Moring's New York office and is a member of the firm's International Arbitration practice. An experienced trial lawyer who started his career as a prosecutor in Brooklyn, New York, Burnett concentrates on international arbitration and



Renato Pacheco Neto

ADR proceedings as well as general business litigation in state and federal forums.

Burnett's international dispute resolution experience includes handling inbound litigation matters for foreign clients, primarily from Latin America, and international arbitration disputes including arbitrations administered by the AAA's International Centre for Dispute Resolution ("ICDR") and the International Chamber of Commerce ("ICC") as well as ad hoc arbitrations under the UNCITRAL Rules involving parties from Latin America, West Africa, Eastern Europe and elsewhere.

We hope to listen to CBAr experts and other arbitrators and lawyers as well, in order to share our experiences and mutually support arbitration improvement in Brazil. As our country is receiving a lot of foreign investments due to the upcoming Soccer World Cup in 2014 and Olympic Games in 2016, and in light of the fact that arbitration is still the fastest, most secure and efficient alternative dispute resolution method, Swedcham and CAE-Eurocâmaras will be delighted to share knowledge and exchange experiences with ICCA and CBAr members, thus contributing on May 27 to the consolidation of arbitral culture in Brazilian business. We look forward to seeing you there! ■

...Status and trends

Continued from page 32

have held the position that WHT should apply to outbound payments of service fees to foreign entities located in treaty jurisdictions, the Federal Court of the 4th Region ("TRF4^o") declared that service fees are to be included in the business profits of an entity and, therefore, should only be taxed in the country of residence of the enterprise (unless such services are attributable to a PE located in Brazil), but never separately taxed through WHT in the country where the payor is located, as by mistake determined by the ADN 1/00.

Please note that the Federal Judge of the TRF4^o used the definition of Real Profit as set forth in the Brazilian Income Tax Rule to avoid the application of the WHT. According to the Brazilian regulations, taxable income of a legal entity means the total proceeds from all sources (operational and non operational activities).

In view of this, the Federal Judge concluded that the actual income of the foreign enterprise can only be calculated in its residence country, taking into consideration the total amount of business revenues and the respective costs and expenses, and thus it shall be governed by Article 7 of the OECD model treaty.

The TRF4^o precedent is the first favorable sign of the Brazilian Companies and Judicial Courts' joint efforts to eliminate biased administrative acts, as the above discussed ADN 1/00, which contravenes the Brazilian legal system and stands as an obstacle to the relationship between Brazil and its treaty partners in a global and free economy where international tax treaties perform an important function of avoiding double taxation and tax evasion. ■

**Ivan Tauil and Roberta Caneca are, respectively, partner and lawyer in the law firm Tauil & Chequer Advogados, associated with Mayer Brown.*

...Healthy food

Continued from page 34

So, the balance indicates this is good business. That was something the QMS and HR departments in the company, directed by Moisés Chafic Haddad and Silvio Gomes respectively, soon realized, which enabled the entire project to move forward.

"Nutrition is information; it is not only about eating salad. It is about making small changes in the daily habits which can change your life for good." ■

...Common market

Continued from page 36

between 2002 and 2020. In the agreement, the governments also stress the importance of equal conditions of competition to advance the understanding and acceptance of a common electricity certificate market.

The final principles and details of the common market require further studies and research before the Norwegian government will initiate the legal drafting process, now expected in the fourth quarter of 2010. Details that will require clarification include the duration of certificates, definition of eligible production, as well as the participating countries' final targets for renewable production. An important political issue for both parties will be to ensure an equal burden on the end consumers in both countries. However, since the Swedish system is already well established, major changes to Sweden's system are not expected. The parties aim at establishing the common electricity certificate market by January 1, 2012.

**Dag Mjaaland and Børre Gunnerud are lawyers from Wikborg Rein's Energy and Natural Resources Group. Reference office of NBCC member Bastos-Tigre, Coelho da Rocha e Lopes Advogados (heitor@bastostigre.com.br) in Norway.*

...Commercial agreements

Continued from page 44

sumed (especially applied to loans).

However, the legal presumption is relative and may be easily challenged. Indeed, parties sometimes clearly intend to agree upon free of charge accessory obligations and do make it obvious into the agreement's wording, excluding future claims when needed. The understanding as to the free of charge nature of some agreed obligations is also easily understood under the Anglo-Saxon concept of consideration, which may be taken into account as parameter for comparison.

In order to avoid unpleasant situations and bad surprises in the Brazilian project, false expectations, ungrounded costly and unsuccessful claims, it is most advised to always confirm the legal framework for foreign investment before entering into long-term agreements implying into multiple ambiguous obligations in a not well known jurisdiction.

**Bruno Mirabile, LL.M., graduated both in Economics from the Federal University of Paraná (UFPR) and in Law from the Curitiba Law School; followed the PhD Program at Panthéon-Assas (Paris II) University. He is the Commercial and Foreign Trade Team Leader at Fraga, Bekierman & Pacheco Neto – Advogados.*

**Renato Pacheco Neto, LL.M., alumnus of Harvard's Leadership Program, holds Executive Management Diplomas from both the Stockholm School of Economics (Handelshögskolan) and Helsinki School of Economics (Kauppakorkeakoulu). He is Chairman of the Board of the European Court of Arbitration in Brazil (Eurocamaras-CAE) and Swedcham's Legal Director. He is also Founding and Managing Partner of the international law firm Fraga, Bekierman & Pacheco Neto – Advogados, with offices in SP/Rio.*

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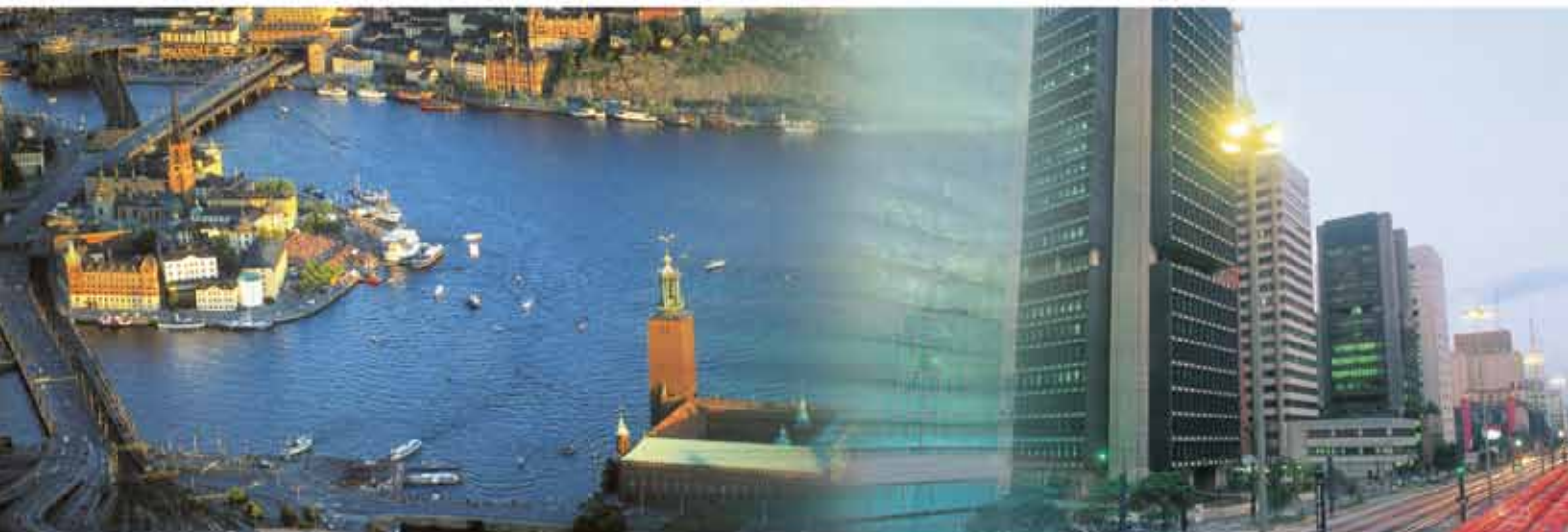
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