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OCTOBER - NOVEMBER 2008



## Volvo Ocean Race kicks off in October

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# Spectacular Volvo Ocean Race begins round-the-world marathon in October

The Ericsson Racing Team trains on board "Ericsson 3" in Lanzarote, Spain. (Photo: Oskar Kihlberg/Ericsson Racing Team/Volvo Ocean Race)

From the time that mankind first went down to the sea in ships, the fascination of men pitting themselves against the elements has created traditions, myths and legends that are far more than just a drive to conquer riches and territory. We live on a planet that is largely made up of water and the oceans have played a great role in the development of human society and its endeavors to venture into the unknown, to discover new lands and stretch the limits of knowledge.

One of the great traditions of the sea is that of the sailing ship and it has inspired great paintings and literature, conquest and discovery, as well as commerce and war. The sailing ship—whether it was those of the Phoenicians and Egyptians in the Mediterranean or the caravels of the Spanish, Dutch and Portuguese venturing across the Atlantic, descending the African coast to round the tip of the Cape to sail into Asian waters in search of spices—played a significant role in the progress of man and his knowledge of the world that he lived in.

In the first decade of the 21st century, technology has changed the face of the sailing ship and its purposes. No longer is the sail the primary means of propulsion for ocean-going ships but this is true for only the last 100 years in a history of sailing that reaches back six or seven thousand years. In our time, where the world is dominated by instantaneous communication systems, the Internet and air travel, the sailing ship has been relegated to a prestigious sport that maintains many of the traditions of the great Clipper ships that traveled around the world.

The premier event of the sailing world is the Volvo

Ocean Race, which is held every four years and challenges the skills of sailing crews of various ships and their teams to compete in a round-the-world race that faces the elements where they often encounter winds of up to 60 knots and waves that peak at 30 meters or more.

The route of the 2008/2009 race officially begins in Europe in October and follows a southerly route in the Atlantic, around the African Cape and then into the Southern Ocean. Crossing the Pacific Ocean the competitors will sail around Cape Horn at the southernmost tip of South America and then head in a northerly course to complete the circuit of the globe with a last port in the icy waters of the north of Russia. For the first time in its 35-year history, the race will stop over in India.

## History

The Volvo Ocean Race was first instituted in 1972 (when the British Royal Naval Sailing Association and the Whitbread brewing company decided to sponsor a sailing regatta whose route circumnavigated the globe) and its original name was the Whitbread Round the World Race.

The first race consisted of 17 racing yachts, carrying 167 crew members from seven different nations. Sails were hoisted and spinnakers released to catch the wind as the vessels sailed out of Portsmouth harbor into the English Channel for the first leg of the event. The yachts ranged from a German entry constructed in 1936 named the "Peter Von Danzig" to the "Burton Cutter", the UK's entry which was still under construction as the race began. What truly marked the unique aspect of the race was the fact that



Skipper Torben Grael from Brazil trains at the Ericsson Racing Team training camp in Lanzarote. (Photo: Hans Berggren/Ericsson Racing Team/Volvo Ocean Race)

most of the crews were adventurous amateurs rather than professional open ocean sailors, and few of the participants had any real idea of the challenges they would confront in the 27,500-nautical-mile race course.

In contrast, the captains of the yachts were clearly experienced professionals and skippers like Chay Blyth, a British Army sergeant who first achieved fame in 1966 for rowing a six-meter dory across the Atlantic along with John Ridgeway. Blyth used a crew

of "Red Berets" from a British parachute regiment as crew and few had much experience in the way of offshore sailing.

The French Navy entered with a restored Fife Cutter renamed the "Pen Quick" and it was captained by the French sports hero Eric Tabarly. The yacht was an agile 22-meter ketch whose controversial depleted uranium ballast keel had been outlawed by the race authorities, and the vessel's qualification was in question at the beginning of the race. The French fielded four other ships and there were three from Italy, two from Poland and one each from Germany and South Africa.

The crew members of the German boat were either graduates from the Akademischer Segler-Verein Sailing School or university students who were required to pay 50 pounds to compete as well as invest between 3,000 and 4,000 hours in the building of the boat. The crew of the Polish entry "Otago" consisted of workers from the Gdansk Shipyard with absolutely zero sailing experience.

In the more than 30 years of its existence, the race has been modified considerably but still holds to the original goal, which is a test of courage and skill against the changeable elements of nature, and only in the 2001/2002 edition did the sponsorship change hands from the Whitbread company to Volvo.

### The 2008/2009 Race

This year, the Volvo Ocean Race will begin officially on October 11 in Alicante, Spain, and the first leg of the event will cover 6,500 nau-

tical miles to Cape Town, South Africa, followed by a second leg to Kochi, India, then on to Singapore, Qingdao, China; Rio de Janeiro, Brazil; Boston, USA; Galway, Ireland; Gothenburg and Stockholm, Sweden; and the race will end in St. Petersburg, Russia, on June 27 next year, for a total of over 28,000 statute miles.

To date, there are 7 entries for the event, sponsored by various companies and racing clubs. The Ericsson racing team has two entries, "Ericsson 3" and "Ericsson 4", with both yachts having been constructed in Sweden and captained by Torben Grael and Anders Lewander respectively.

Another sponsor, the Spanish company Telefonica, also is entering two vessels, "Telefonica Blue" and "Telefonica Black", with the first designed and constructed in Valencia, Spain, and the second in Tauranga, New Zealand. The yacht "Il Mostro" is sponsored by the Puma Racing Team and captained by Ken Read, the "Kosatka" is sponsored by the Russian WDCS and captained by Andreas Hanakamp, and the "Green Dragon", Ireland's entry in the race, was designed and constructed in China by McConaghy Boats. They all are fine examples of the sailing traditions of the past coupled with the modern technology that is utilized to ensure the safety and communication of the racing teams that test their skills against the ever changeable moods of the sea.

In the last edition of the Volvo Round the World Race, it was the Dutch that were the winners in the yacht "ABN Amro 1" who entered the contest as the favorite. The Dutch team first constructed the "ABN Amro 2", which was used as a test vessel for the building of the "ABN Amro 1", and the final version was seen as superior to the other entries due to its incredible performance and handling ability, especially in high winds.

This event is still fraught with danger and adventure and in the 2005/2006 race, Hans Horrevoets, a team member of the "ABN Amro 2", lost his life when he was swept overboard by a large wave as he was preparing to return to the yacht's cabin and had already disconnected himself from his safety equipment.

It was in the 1977/1978 race that Brazil first participated by becoming one of the ports of call for the race. The Rio de Janeiro Yacht Club hosted the sailing vessels. Brazil actively participated in the race in 2005/2006 →

### Itinerary

The first offshore leg of the 10th Volvo Ocean Race will start in Alicante, Spain, on October 11, 2008, with an in-port race seven days earlier.

| Event     | Start                  | Date           | Nautical miles |
|-----------|------------------------|----------------|----------------|
| Port Race | Alicante, Spain        | Oct. 04, 2008  |                |
| Leg 1     | Alicante, Spain        | Oct. 11, 2008  | 6,500          |
| Leg 2     | Cape Town              | Nov. 15, 2008  | 3,450          |
| Leg 3     | Kochi, India           | Dec. 13, 2008  | 1,950          |
| Leg 4     | Singapore              | Jan. 18, 2009  | 2,500          |
| Leg 5     | Qingdao, China         | Feb. 14, 2009  | 12,300         |
| Leg 6     | Rio de Janeiro         | April 11, 2009 | 4,900          |
| Leg 7     | Boston, USA            | May 16, 2009   | 2,550          |
| Leg 8     | Galway, Ireland        | June 6, 2009   | 950            |
| Leg 9     | Gothenburg, Sweden     | June 14, 2009  | 525            |
| Leg 10    | Stockholm, Sweden      | June 25, 2009  | 370            |
| Finish    | St. Petersburg, Russia | June 27, 2009  |                |

with the entry of the yacht "Brasil 1", captained by Torben Grael, and the participation of Lucas Brun, and the Brazilian entry finished the competition in third place.

In this year's Volvo Ocean Race there is no Brazilian yacht entered in the competition but Torben Grael will be in command of the Ericsson Racing Team 1 and the international racing team will also include two Brazilian members: Horácio Carabelli and João Sigmorini, selected from 152 sailors who were competing for the spots on the team.

The methods of scoring and the rules and regulations for an event as complex as the Volvo Ocean Race are as complicated as any major sporting event today. Each race sees upgrades in hull design, construction materials and rigging and all yachts are required to conform to the standards and regulations established by the race organizers. In addition, there is a complete and detailed set of scoring rules that allow participants to earn points to register a win. The event will continue to utilize a high scoring system. Twelve points will be awarded to the winner of each leg of the race and the overall winner will be the racing team with the most points at the end of the race. For each race leg, each yacht will receive points equal to the number of entries at the start of the race, less the num-

ber of boats placed above her on the leg, amended when appropriate penalties or redress is awarded by the International Jury.

### Race Supporters

Of course, a sporting/adventure event of this size and complexity requires an enormous additional support that goes well beyond the yachts and the racing teams. In addition to the principal race supporters—Volvo Cars, the Volvo Group and Wallenius Wilhelmsen Logistics (WWL) - the race's sole official logistics supplier (*see below*)—the race sponsors include Thrane & Thrane, who are the official suppliers of Satellite Communications Equipment that includes the domes and dishes for the Volvo Ocean Race 2008-09. Stratos Global, the official sponsor of Mobile Satellite Services, will work in conjunction with the Inmarsat Satellite Team to beam back HDTV images and reports from the fleet of vessels participating in the race. Inmarsat, the official sponsor of Satellite Communications, will provide FleetBroadband, which is their flagship maritime satellite service, to bring back to the organizers all of the media from the fleet from any point of the globe.

The official supplier of Information Technology (IT) for the Ocean Race is a member of the Volvo Group, Volvo IT. Volvo Penta



"Ericsson 3" and "Ericsson 4" leave Sweden and set sail on their mandatory 2,000-mile qualifier for the 2008-2009 race. (Photo: Oskar Kihlberg/Ericsson Racing Team/Volvo Ocean Race)

is the principal supplier of Marine Power Systems which provides power for leisure boats, work boats and forklifts, among other products. Volvo Penta is the official supplier of engines for each of the yachts participating in the Ocean Race.

Every sporting event needs to have trophies and the Volvo Ocean Race's official trophy supplier is the renowned Waterford, which will provide the trophies that serve as the motivation for the crews who will be navigating the globe. The Waterford Fighting

*Continued on page 46*

## WWL is race's sole official logistics partner

As the race's sole official logistics partner, Wallenius Wilhelmsen Logistics (WWL) is transporting all essential race equipment and promotional supplies for the race organization and the participating syndicates.

WWL is the leading independent provider of finished vehicle logistics solutions for manufacturers of automotive and rolling equipment. The company offers global and integrated solutions from factory to dealer. Services include ocean transportation, terminal and technical services, inland distribution and supply chain management, combining global reach with local market expertise.

WWL serves the world's key markets with more than 60 modern, environmentally-friendly ships on services to and from the Americas, Europe, Asia and Oceania and

employs more than 3,200 people across five continents. The company is jointly owned by Wallenius Lines of Sweden and Wilh. Wilhelmsen of Norway.

WWL's association with the race, which dates back to the 1996/97 event, is built upon its special expertise in carrying yachts around the world and in providing integrated ocean and inland logistics solutions to race competitors as it does for other global concerns around the world. The company's commitment to helping to preserve marine life on the high seas mirrors that of the Volvo Ocean Race.

WWL is committed to reducing the impact of its operations on the environment by lowering its emissions into sea and air. The company only uses low sulphur fuel to drive its ships and this has enabled it to save the world from 75,550 tons of sulphur diox-

ide emissions from 2001 to 2006 – equal to the total emissions of the city of London in the same period.

The company is also the sole sponsor of global conservation organization WWF's High Seas Conservation Program, aimed at protecting global marine life from major threats.

In June 2007, King Harald V of Norway presented WWL with the prestigious Thor Heyerdahl International Maritime Award for its commitment to improving the environmental standards in the shipping industry. This is the second environmental award the company won in 2007, the first being Lloyd's List 'Clean Seas' award for successfully reducing SO<sub>2</sub> emissions.

For more info about WWL, which has an office in São Paulo, please visit its website: [www.2wgloball.com](http://www.2wgloball.com)

# Sweden and Brazil – a new partnership

By Annika Markovic  
Swedish Ambassador



The past few months have been hectic in the multilateral arena. The Doha Round on an international trade agreement ran into an impasse at the end of July. The problem was the question of safeguards – and the introduction of a mechanism to make sure that agricultural importing countries in the developing world would have the right to introduce safeguards to protect the domestic production if the imports would go beyond a certain volume. Behind this key problem lurked other issues such as bananas and cotton. And in the end it was not possible to agree on the draft that would have opened up many opportunities for better, fairer, safer and—most important—more international trade.

All Ministers present at the Doha meeting in Geneva, including the Swedish Trade Minister Ewa Björling and the Brazilian Foreign Minister Celso Amorim, agreed to try to preserve all the good results that had been negotiated already – even though in international negotiations “nothing is agreed until everything is agreed”. And the informal dia-

logue between the key countries is open. Let's hope that it will be possible to continue the Doha process in the near future. But let's not forget the EU-Mercosur route as well. Sweden will continue to be strongly in favour of free trade. We remain convinced, based on our history and experience, that free trade is beneficial for all in the long term.

Swedcham Vice Chairman Borje Jerner has written an article in another part of the Swedcham Magazine about the gala dinner held in my residence on June 27 to commemorate the 50th anniversary of the World Soccer Cup final in Råsunda, Stockholm, in 1958. It was a fantastic evening.

Probably the best party I will ever arrange in Brazil! Many, many, thanks to all the generous Swedish sponsors. I am also happy that the event contributed a significant amount to our partner the World Childhood Foundation for its important work in Brazil.

This fall/spring, we will have more delegations from Sweden visiting Brazil. In August the Committee on Transport and Communications from the Swedish Parliament visited Rio de

Janeiro, Brasília, Curitiba, Paranaguá, Morretes, São Paulo, Piracicaba and Foz de Iguaçu. In September, the Minister of the Environment Andreas Carlgren visited Brasília and Manaus. And later on visits by the Deputy Prime Minister Maud Olofsson and the Minister for Social Affairs Göran Hägglund are planned.

I try to make it a point to always create opportunities for the visiting members of Government to meet with the Swedish businesses in São Paulo and Rio de Janeiro. Many times this is done in cooperation with the Chamber – a cooperation that I believe is fruitful and mutually beneficial.

In my last column, I asked you to communicate to the Embassy any problems or suggestions you might have regarding trade with Brazil in general and tariffs and other trade barriers in particular. Up until the end of August no such communication had been forwarded to the Embassy but for one particular trade issue that involves the EU Commission. I wonder if I should now conclude that the Swedish companies in Brazil have no such problems? I would be surprised if that is really the case. Please let us know your opinion: [ambassaden.brasilia@foreign.ministry.se](mailto:ambassaden.brasilia@foreign.ministry.se)

The Swedish and Brazilian Governments are currently working to establish a framework for a more structured partnership. We are seeing Brazil as an important partner in many areas. Brazil is also interested in sharing its point of view and experiences with countries like Sweden and in deepening our cooperation. In this context, I believe that a joint commercial advisory council between Brazil and Sweden could be established—a council with representation from large, medium-sized and small companies with experience in working in or with Brazil. Likewise on the Brazilian side, companies with an export profile should be included. I believe that both the Trade Council and the Chamber of Commerce should participate in establishing such a council. ■



Photo: Drasko Markovic

The Transport Committee outside the Associação Viking restaurant at Volvo-Ambassador Annika Markovic (center, with red top) with delegation leader Sven Bergström (to her left) and (to her right) Volvo President Tommy Svensson, Financial Director Wim Keja and Swedcham Representative Hans Kastendal.

# Editorials



Jonas Sjöbom | Sergio Garcia (Photo: Guto Nunes)

More than ever before, Brazil is in the limelight in Sweden, where an increasingly larger number of businessmen are eyeing the Latin American market. News in the Swedish press has gone from the routine samba and carnival focus to more business-oriented articles.

I was able to witness this first-hand during a recent trip to Sweden, when Swedcham Chairman Christer Manhusen and myself participated in a "Swedes in the World" conference that dealt with Latin America, targeting more specifically Brazil, Chile and Mexico.

Among other factors, Brazil recently received the much awaited "Investment Grade" from Standard & Poor's and other credit rating agencies, the country's Central Bank expects that the Gross Domestic Product (GDP) will grow by 5% or more this year, the economy is stable and inflation is relatively under control—and according to President Lula and Finance Minister Guido Mantega, Brazil will not be affected by the severe financial crisis that hit the United States as this magazine was going to press.

According to Lula, Brazil has more than 200 billion USD in reserves and is therefore protected from turbulences in the financial markets. He drew a sharp contrast between Brazil's current situation and its position last decade. "Just imagine if the crisis had happened 10 years ago. Then, a sneeze in the United States' real estate crisis would have caused pneumonia in Brazil," he said.

In view of Brazil's solid economic scenario (at least so far!), we have strengthened our consulting team further with the services of two longstanding specialists: Johan Fager, who has previously worked at AT Kearney and is a former Chamber Managing Director, and Peter Rowland, who recently left McKinsey & Company. Welcome!

Finally, I would like to point out the increasing number of Swedish government visits to Brazil, including the Swedish Parliament's Committee on Transport and Communications and the Environment Minister (with more to come by the end of the year)—not to mention the fact that Swedish enterprise is on the rise, with companies investing in new plants, such as Alfa Laval (story in this edition) and Höganäs (next edition).

Now is the time to invest in Brazil!

**Jonas Sjöbom**

Executive Secretary, Swedish-Brazilian Chamber of Commerce

*The Norwegian-Brazilian Chamber of Commerce and its members have been very active these past months, meeting with authorities, honoring a special member, participating in expositions, holding various high-level presentations, and being involved with the Norwegian Prime Minister's visit to Rio de Janeiro. You can read further details on the NBCC pages. All this has been demanding, but at the same time rewarding. Several members are expressing their satisfaction with the Chamber, new members are joining in, and existing ones are upgrading their status. We have the great feeling that we are fulfilling our objectives, which are mainly business related.*

*Prime Minister Jens Stoltenberg's visit to Brazil, accompanied by a delegation comprising several State Secretaries and other Norwegian governmental authorities, is in itself a major confirmation of Norway's interest in increasing bilateral relations in commerce, science, environment and other areas. Also, during the week of the PM's visit and the Rio Oil & Gas Expo, several CEOs and Presidents of Norwegian companies established in Brazil came to Rio to reinforce their commitment to growing investments in this country. Recent estimates indicate that these investments should be in the order of more than USD 1 billion per year at least during the next three years. The expectation is for expanding both the amount and period.*

*Another proof of Norway's growing presence in Brazil came from the record number of companies participating in the 2008 Rio Oil & Gas Norwegian Pavilion, a total of 54, of which around 15 presently do not have a locally established business yet. There are clear signs of new businesses being agreed upon during this Expo and consequently more Norwegian companies investing in Brazil to follow. Further details on the 2008 Rio Oil & Gas and related NBCC/Innovation Norway Network Dinner will be provided in the next edition of the Magazine, since all this was happening when this edition was going to press.*

*Enjoy the reading. And if you are not a member yet, please contact us for more information!*

**Sergio Garcia**

Chairman, Norwegian-Brazilian Chamber of Commerce



# 1958:

## the year the world discovered Brazil

By Borje Jerner  
Swedcham Vice Chairman



(Left to right) Bengt Agren (secretary of the Swedish Organizing Committee for the 1958 World Cup), Pelé, President Lula, SKF do Brasil President Donizete Santos, Swedish Consul General in São Paulo Barry Bystedt, Katarina Clifford (First Secretary at the Swedish Embassy), Kurre Hamrin (Swedish player in the 1958 team) and his wife Marianne, and (in front), Nilton de Sordi (Brazilian player in the 1958 team). (Photo: Swedish Embassy)

It is early morning on June 15 and soccer history is about to be made. Up to this day, the two finest names in the history of the Brazilian national team (even though at this stage nobody was yet aware of this) had been watching the first two games from the side.

Brazil came to the 1958 World Cup soccer tournament in Sweden with a history of always losing when it counts. Now, the team had beaten Austria by 3 x 0 and drawn with England 0 x 0—in fact, at that time, the first game without goals in World Cup history. However, Brazil was not playing well. Something had to be done. This coincided with the fact that Joel and Mazzola were wounded after hard English tackles.

Two reserves, Garrincha and Pelé, were called in for the final game of the first round. The Soviet Union, known for its physical and intelligent play and its great goalkeeper, Yashin, was the obstacle that could prevent Brazil from reaching the quarter final. The Brazilians feared the worst.

Instead, the fascinated spectators were about to witness what has been called the best three minutes in the history of soccer. Brazil made the kick-off and started a formidable blitz against Russian goalkeeper Yashin. The first pass went to Garrincha, on the right wing, who dribbled one Russian after the other and finally launched a hard shot in the post left of Yashin. Only seconds later Pelé hit the bar with such power that some people claim it is shaking to this very day.

The audience was enthusiastic and became absolutely wild when Vavá scored after only three minutes. The game ended 2 x 0 and the championship had got a gold favorite. In fact, from this day Brazil never lost a game with both Garrincha and Pelé on the field at the same time—a whopping 40 games with 35 victories and 5 draws! Garrincha scored 10 goals and Pelé 45 playing together.



Wales was taken care of in the quarter final with 1 x 0 and France, considered the best European team at the time, with 5 x 2 in the semi. France later won the bronze match against the Germans. French top scorer Just Fontaine scored 17 goals in Sweden. This is until today an unbeaten record in one and the same tournament.

Sweden had surprisingly reached the final by beating ruling world champion West Germany in the other semi final. Germany took the lead after 24 minutes, but Nacka Skoglund equalized only eight minutes later. The game was very tight and any of the teams could have scored the next goal. But it was only in the 81st minute that Gunnar Gren made 2 x 1 for Sweden and the Swedes were instructed to keep the ball within the team and let the time pass.

With three minutes left to play, Sweden's Kurre Hamrin got the ball along the side line, followed the instruction to keep the ball under control, walked slowly dribbling one German player after the other to finally reach the end line left of the German goal, where he dribbled a couple of defenders and finally shot the definite winning goal from no angle at all—3 x 1 and truly one of the greatest goals in World Cup history!

This famous goal had some unexpected consequences. Germans at home were frustrated and furious. Volvos and other cars with Swedish number plates parked in German streets had their colors scratched, mirrors broken and tires flattened. It even effected trade relations between Sweden and Germany.

On June 29, Brazil and Sweden entered the field of Rasunda Stadium. Brazil started with shaky legs and Sweden controlled the first five minutes ending with a beautiful solo goal by Captain Nils Liedholm in the 4th. Four minutes later, Brazil equalized after a breathtaking



▲ Pelé and Swedish Ambassador Annika Markovic, with Federal District Governor José Roberto Arruda and his wife in the background. (Photo: Drasko Markovic)



▲ Swedcham Vice Chairman Borje Jerner and Kurre Hamrin, Swedish player in the 1958 team.

(Left to right), Telecommunications Minister Helio Costa, Djalma Santos of the 1958 Brazilian team, and Environment Minister Carlos Minc. (Photo: Drasko Markovic)

dribbling raid by Garrincha ending with a perfect pass to Vavá. After that, Sweden seemed paralyzed and Brazil introduced a way of playing soccer which later on would be named samba soccer. Vavá and Pelé scored two goals each and Zagallo one.

Seventeen year-old Pelé's extraordinary "hat" goal, where he passed Sigge Parling with a chest dribble and in the next moment, before the ball touched the ground, kicked the ball over the head of defender Julle Gustavsson and scored, is probably still the most fantastic goal ever seen. Agne Simonsson made 4 x 2

Lisa Nilsson gave a remarkable performance.



with ten minutes left to play, but Pelé put an end to the Swedish hopes by scoring his second goal in the last minute.

The game ended 5 x 2 and Brazil was world champion for the first time! Until today this is considered the most important victory in the Brazilian history of sport.

To understand the importance of this victory, we must go back eight years to the World Cup in Brazil in 1950. Brazil was called world champion at home far before the first game was played. After losing the final match against Uruguay at home in the newly constructed Maracanã, there was absolute silence in the stadium filled with 200,000 paralyzed spectators. A draw would have been enough for Brazil to become champion. This is until today the biggest trauma in Brazilian sports history.

Four years later in Switzerland, Brazil gave a very weak performance and was out early in the tournament. In 1956, the Seleção made a tour to Europe and did not manage to win one single game. During the preparations for the 1958 World Cup in Sweden, Brazil formed a project team involving physicians, psychologists, nutritionists and physiotherapists to pick and prepare players with the right attitude and mind to become champions on the other side of the globe.

Few Swedes understand the significance for Brazilians of this great success for Brazilian soccer. The fantastic technique, the 4-2-4 system, the way the captain raises the



Gold Cup to the sky after the final, all this introduced by Brazil in Sweden in 1958 became the standard model for soccer going forward worldwide.

## Brasília celebrations

During a whole week, July 23rd through 28th this year, Brazil celebrated the 1958 World Cup victory with various programs including a luncheon with President Lula. In connection with this, the Swedish Embassy in Brasília identified an opportunity to strengthen the brand Sweden by arranging a gala dinner in honor of the players of both teams. For various reasons only Kurre Hamrin from the Swedish team could participate. He was, needless to say, provided with a Swedcham pin!

Swedcham had the great honor to be placed at the table of Brazilian team defender Orlando, who gave one of the goal scoring passes in the final against Sweden. He and his

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# Alfa Laval inaugurates new facilities

By J. F. Thrall



Reginaldo Macedo (President of Alfa Laval in Brazil), Swedcham Chairman Christer Manhusen, Lars Renström (World CEO of Alfa Laval), and Ricardo Miranda (Alfa Laval Operations Manager) at the ribbon-cutting ceremony at the new facilities.

**O**n September 9, Alfa Laval inaugurated its new facilities in São Paulo that include not only a production plant but also new office space. But more important than these new facilities is the remarkable growth that required the investment in expansion to meet the increased demand for the wide range of products that are the hallmark of the Swedish company around the world.

The facilities will allow for a production increase of 50% and comprise 11,000 square meters, with the office space utilizing approximately 2,500 square meters. The new plant is unique in that it operates on a closed circuit for water utilization and all of the water used for production is reused in conjunction with an advanced sewage treatment system. This is translated into a 2.6 million Euro investment in machinery and equipment as well as an expansion of Alfa Laval's services division.

"We are very enthusiastic about the growth of the Brazilian market," stated Lars Henriksson, Executive Vice President of Alfa

Laval in a meeting with the press on the morning of September 9 at the Hotel Blue Tree Towers Faria Lima. "Sales orders in Brazil have increased 350% since the year 2000. Latin America represents 6% of our sales and Brazil 3%, and of course we are expecting that 2008 will close with a remarkable growth rate of 30%."

Alfa Laval, whose presence in Brazil dates back to 1959, produces heat exchange equipment and centrifugal separators, as well as valves and pumps. In addition, the company also operates strongly in the biofuels area (oil & gas) and food processing, with some purchase orders of USD 125 million in 2007. The Brazilian operation also exports from 5% to 10 % of production to Argentina and Chile.

Most of the equipment produced by Alfa Laval is not only designed to meet the needs of its clients but also offer viable solutions which allow the users to meet sustainability requirements and help preserve the environment. This commitment to the environment has also been applied to the company itself with the transfer of a large percentage of the firm's shipping to the maritime sector, thus reducing the carbon monoxide emissions from internal combustion engines and shipping by truck.

"We are also pleased with Brazil's commitment to increase its shipbuilding program for the transport of its petroleum products," said Lars Renström, CEO of Alfa Laval speaking of the

company's strategic view of Brazil and Latin America. "This will present some unique opportunities for some of our oil & gas products. We are also looking at the possibility of moving into the industrial refrigeration area but that is still under study. This will be a sector that will see incredible growth worldwide over the next decade and we believe that Alfa Laval could offer some innovative approaches to this sector."

The energy sector has been a leader for Alfa Laval in Brazil. In addition to the oil & gas sector, the company also provides products for nuclear energy and systems for the treatment and recycling of water used in industrial applications. Another area where Alfa Laval has had a great presence is in providing equipment for the maritime shipping industry and most vessels operating today utilize Alfa Laval products. The company also produces equipment for the chemical industry, the biotechnology field and the food and beverage sector, as well as being a leader in the manufacture of desalination equipment and systems based on heat exchange systems for the making of potable water, and use in offshore oil platforms and ocean-going vessels.

In conjunction with the wide range of products, Alfa Laval also offers services that ensure increased performance for clients and their processing operations and reduces downtime in their operations.

In the afternoon of September 9, there was an inauguration cocktail at the new facilities with many guests that included Swedcham Chairman Christer Manhusen and Executive Secretary Jonas Sjöbom. All received a beautiful Kost Boda vase. ■



Christer Manhusen, Reginaldo Macedo and Swedcham Executive Secretary Jonas Sjöbom.

# “Swedes in the World” Conference



(Left to right) Hugo Oljemark, Jorma Halonen, Nils Grafström and Christer Manhusen.

The “SWEDES IN THE WORLD” association (“SVENSKAR I VÄRLDEN”) has held conferences about emerging markets/countries during the last few years. China, India and the Gulf States have been topics earlier and this year, on August 20 in Stockholm, the conference dealt with Latin America, more specifically targeting Brazil, Chile and Mexico. These are very important markets for Swedish companies and have been for a great many years.

The goal of the conference was to offer everybody interested in Latin America, individuals and companies, a possibility to deepen their knowledge about politics, economics and business opportunities in these countries.

People with a solid background in these countries were invited to share their experiences with an audience of about 220 partici-

pants from different activities: company executives, entrepreneurs, diplomats and individuals with an interest in Latin America. Also present was the Swedish Minister of Trade, Ewa Björling. The conference offered furthermore an excellent opportunity for the participants to do some networking.

I delivered the keynote address about Brazil, a panorama of politics, economics, investment opportunities and the importance of Swedish industry in the country. Our Executive Secretary Jonas Sjöbom then gave a presentation of Swedcham and all the support and services it can offer.

A Brazil panel was also formed, consisting of Nils Grafström, CEO of Stora Enso Latin America, Jorma Halonen, former president of Scania Brazil and deputy CEO of the Volvo Corporation, Hugo Oljemark, former manag-

ing director of Swedcham and now consultant and director of the Brazilian Chamber of Commerce in Sweden, and myself. We had an animated discussion covering a broad range of topics. There were many questions from the audience, showing a great interest in Brazil.

Alessandro Teixeira, head of Apex Brasil (the Brazilian Trade and Investment Promotion Agency), had been invited and gave a most interesting speech.

It is my hope, and also that of my old friend and colleague Ambassador Örjan Berner, who as secretary general of “SWEDES IN THE WORLD” was responsible for the event, that the conference will inspire even more companies and more business people to take a closer look at Brazil and the rich opportunities that it offers.

Christer Manhusen



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## Sponsors meet at Formula Truck

The Swedish Chamber would not be long-lived without our much valued sponsors. We wanted to give something unexpected back to them so we invited them to a Formula Truck race held at the Interlagos race track in São Paulo on July 6.

There, a crowd of some 60,000 people, the engine roar from 23 V-12 engines with a total 23,000 horse power, and a distinct smell of burned rubber all over the place awaited us!

Our group of 30 people received the VIP treatment the whole day, everything topped with a personal visit to the pits and a free ride in a Scania truck around the track! Scania drivers Roberval Andrade and Beto Monteiro capped third and fourth place in the race.

Michel de Lambert, President of Scania, made everything possible by inviting us to this unforgettable event.

A big "Thank You!" to him and all the staff at Scania!

Among our noteworthy sponsors, participants in the Formula Truck event included Atlas Copco, Dell Brasil, FBP-Advogados, Nordea, Relacom, Sandvik, Scania, Stora Enso, Veirano and Venturus. ■



Swedcham Executive Secretary Jonas Sjöbom and São Paulo Mayor Gilberto Kassab.



Antonio Ribeiro and Niels Leidecker of Venturus.



▲ Paulo Pontes, Otávio Pontes and Frederico Pontes (Stora Enso)



▲ Renato Pacheco Neto (left) and José Vicente Cêra Junior (right) of FBP-Advogados with SKF do Brasil President Luiz Manetti.



▲ Ronaldo Veirano and Monica A. P. de Mello of Veirano Advogados.



▼ Swedcham Board member Peter Hultén.



Swedcham Executive Jonas Sjöbom gives a thumbs up for the event.



▼ General view of the Interlagos autodrome.



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# The Doha Round is on the verge of collapse

By Christer Manhusen  
Swedcham Chairman

At the end of July, the eagerly awaited ministerial meeting at the WTO headquarters in Geneva to wrap up, and finally end, years of difficult negotiations and horse-trading among the 153 members, ended in a fiasco. The discussions among ministers made progress in the industrial sector and, surprisingly enough, also in the field of agriculture. Advances were even made in the negotiations on the technically complicated service sector like finance, telecom and movement of persons. But in the end, this was not enough.

Particularly the difference between India and the United States regarding a safeguard mechanism for agricultural imports torpedoed the whole negotiation, and thus there was no agreement. Everything in a multilateral trade negotiation has to be agreed by each and every member country, otherwise the whole thing falls apart, and this was what actually happened. "Nothing is agreed until everything is agreed".

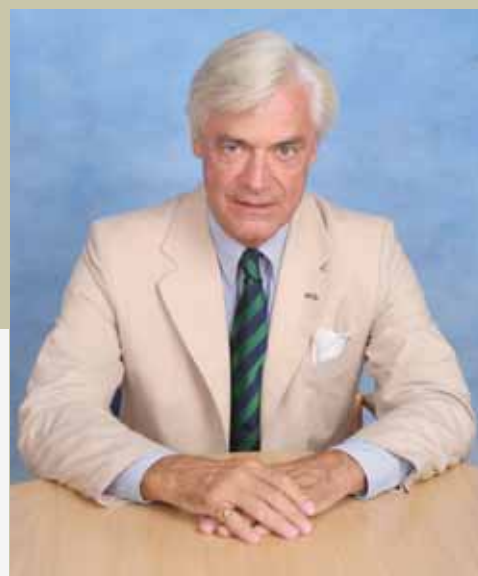
This is indeed bad news for all participants: governments, industry and business alike, no matter whom and where, big and small, developed, emerging and developing. It is detrimental to the whole multilateral trading system that has taken more than 60 years to build up. And it gives the wrong signal to the world economy, right now entering a very difficult period. In the absence of an agreement, it is calculated that the loss to

the world economy would amount to USD 130 billion per year!

But, the WTO's Director General, Pascal Lamy, insists that he is not "throwing in the towel" – not just yet. So, it remains to be seen whether his optimism can bear fruit. In spite of everything, there is still a window of opportunity until Thanksgiving Day in the US (the last Thursday in November), but then the door closes irrevocably for quite some time. A new president in the White House and his trade negotiators must formulate their policy on the issues, and without the US as the world's most important trading nation there is no negotiation.

So, we will see what Pascal Lamy may have up his sleeves. He is now touring key countries in search of a solution. Somehow, developing countries must feel that they are given something substantial – after all, it is they who would lose the most if no agreement is reached. And there seems to be enough of a real substance to close a deal if this particular problem between India and the US can be solved, which means that both these countries will feel the pressure to come to an agreement fast. Provided of course that none of the other participants withdraws concessions that once were made...

If an agreement finally will be made, Sweden has much to gain as more than 50% of our GDP consists of exports and 90% of our exports are made up of industrial goods.



An opening of markets would of course be very beneficial for Swedish industry.

Also for Brazil, an agreement would be very positive, especially as it would mean important openings for Brazilian agricultural products in the US and EU markets.

A positive sign in this murky picture is that the US Chief Trade Negotiator and member of President George Bush's cabinet, Susan Schwab, made a recent statement where she announced that the negotiations could restart in a few weeks.

A lot is at stake. A failure would lead to a return to regionalism and bilateralism in world trade, which in turn would favour the bigger and stronger nations in a negotiation. But on the whole, the big trading nations would also lose out at the end of the day.

Old trade disputes and grievances would come to the fore that until now have been kept at bay, waiting for a positive outcome of the Doha Round. Thus, for example, Brazil is already preparing to take the US to the WTO's Surveillance Body, a sort of trade tribunal, and request that sanctions worth USD 4 billion be imposed on the US for the American protection of ethanol. And this would only be the beginning. There are a lot of bilateral complaints out there that would surface, and the risk of bilateral trade wars would be real.

So, let us wish Mr. Lamy success in his endeavours – as this article was being written, he was in Washington for talks. It is probable that a smaller group of leading trading nations including the US, EU, Brazil, India, China and Japan will get together to work on a revised proposal which hopefully will meet with approval. ■



# Transport Committee visits Brazil



Swedcham Vice Chairman Borje Jerner welcomes the Transport Committee.



Niels Leidecker, Project Manager for Business Development at Venturus (which sponsored the event at Swedcham) addresses Committee and Chamber members.

The Committee on Transport and Communications of the Swedish Parliament (Riksdag) visited Brazil from August 17 to 28 for a series of meetings with government officials and businessmen, as well as with representatives of Swedish companies such as Volvo and Ericsson, among many activities.

The delegation, led by Sven Bergström (of the Center Party), comprised Hans Stenberg, Claes-Göran Brandin, Lars Mejern Larsson and Désirée Liljevall (of the Social Democratic Party), Lisbeth Grönfeldt Bergman and Sten Bergheden (of the Moderate Party), Annelie Enochsson and Ingemar Vänérlov (of the Christian Democrats), Göran Nyström (head of the committee secretariat) and Anne Mattila Wass (committee clerical officer).

Swedcham had the honor of receiving the Transport Committee on August 25 at its premises on Rua Oscar Freire in São Paulo, where the group met with prominent Swedcham members, representatives of the Swedish Embassy and Consulate, the Clinton Climate Initiative and the São Paulo State Government, among others.

The event at Swedcham, which was sponsored by Venturus (one of the Chamber's Gold Sponsors), featured a get-together over coffee, followed by a presentation of Swedish policies and synergies with Brazil (transport and IT infrastructure, traffic safety, broad band and biofuels), a discussion on the business environment in Brazil, and a cocktail with the popular Absolut bar and delicious buffet served by Buffet Cicarelli.

The Committee prepares matters concerning roads and road transport, railways and rail transport, shipping, airports and air transport, postal services, electronic communications and IT policy.

The purpose of the visit to Brazil was primarily to study the development of the country's transport system and investments in ethanol and biodiesel so as to reduce oil dependence and the impact on the climate.

The visit began in Rio de Janeiro, where there was an informal dinner at the famous Garota de Ipanema restaurant, a briefing by Ambassador Annika Markovic, meetings with State Transport Secretariat officials and representatives of the Queiroz Galvão construction company.



(Left to right) Anders Linnhag (committee secretariat), Anne Mattila Wass, Lars Mejern Larsson, Désirée Liljevall, Annelie Enochsson, Sven Bergström, Lisbeth Grönfeldt Bergman, Claes-Göran Brandin, Hans Stenberg and Göran Nyström.



(Left to right) Borje Jerner, Dalmo Gripp (sales manager for South America of Sweden Telecom), and Swedish Consul General in São Paulo Barry Bystedt.



The Transport Committee event attracted a large number of Swedcham members and other guests.

On August 19, the Committee departed for Brasília where it met with leading members of Congress and representatives of the Ministries of Foreign Affairs, Planning, Transport, Industry & Trade, Science & Technology, among other events.

On August 21, the group left for Curitiba for a series of meetings and events, going on to the Port of Paranaguá on August 22 for a visit to the facilities specialized in the shipping of ethanol (please see following pages),

followed on August 24 by a visit to the famous Iguaçu Falls.

In São Paulo state, besides the Swedcham event, the Committee attended a presentation on the future of ethanol buses in São Paulo by partners in the BEST project hosted by the University of São Paulo (USP). On August 26, it visited the Technological Sugar Cane Institute in Piracicaba for a presentation on research on the next generation of fuels and techniques to improve the use of ethanol; and visited the

Cosan plant in Piracicaba, the third largest ethanol production facility in Brazil. There was a luncheon hosted by Ericsson in São Paulo on August 27, with a presentation on Brazil's ICT market, industry and politics, as well as a visit to the São Paulo Traffic Control Center. The Committee departed on August 28, after a guided tour of the Guarulhos International Airport and a presentation on future expansion plans. ■

*More on page 24*

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# Curitiba receives Swedish delegation

By Hans Kastendal



Volvo bi-articulated bus used in Curitiba's Bus Rapid Transport System.

**T**he Committee on Transport and Communications of the Swedish Parliament recently paid a visit to Curitiba, capital of the State of Paraná, during its trip to Brazil.

One of the main interests in Curitiba was to learn about the famous and well-known public transport system—the so-called BRT System (the abbreviation for Bus Rapid Transport System)—and its bi-articulated buses, which are used in lanes especially built for the system. Another issue of great interest was the Port of Paranaguá, which has opened the first terminal in the country for shipping ethanol.

The delegation leader, Sven Bergström (a member of the Swedish Parliament since 1997), informed us that the Committee is allowed to make one far away journey per election period. This time the Committee was divided into two groups, one group travelled to the USA and the other to Brazil (for the very first time).

The first venue to visit in Curitiba was the manufacturer of the heart of the BRT System, i.e. the bi-articulated buses made by

Volvo do Brasil. The visit began with a luncheon at the Associação Viking, Volvo's leisure area for the employees, where Volvo President Tommy Svensson addressed the group by welcoming them to Curitiba and Volvo. This was followed by an institutional presentation about the Volvo Group of Companies as well as the structure and operation of Volvo do Brasil. After a tour of the Volvo facilities, the visit was rounded off with a popular test-drive of the most modern and powerful trucks of today.

The Transport Committee's first day in Curitiba ended with a reception followed by a dinner at Hotel Bourbon together with invited representatives from the state government, the municipality of Curitiba and local business-related organizations. Representatives from Swedish companies in and around Curitiba were invited as well. Ambassador Annika Markovic extended a warm welcome to the invited guests on behalf of the Swedish Parliamentarians and expressed hers as well as the Parliamentarians' great pleasure that so many guests had accepted the invitation.

During the evening, the delegation had good opportunities to talk with their Brazilian counterparts as well as Swedish executives in the region about matters of mutual interest.

## Visit to URBS

The next day, the Parliamentarians paid a visit to URBS – Urbanização de Curitiba S.A., responsible for the management and operation of the public transport system in Curitiba and its Metropolitan Region (28 private bus companies are responsible for the practical operation of the buses in the system).

At URBS, the Parliamentarians were introduced to the Public Transport System by Eduardo Guimarães, Secretary of International Relations of the Municipality of Curitiba, who informed them that the system was derived from the city's Master Plan. It was established and built already in 1979 to help stimulate the city's growth.

Since the 1970s, Curitiba has become known for its innovations, using exclusive designs and concepts to help its citizens in their daily life. At the beginning of the 90s, with the implementation of a new concept for a rapid transit system, came the platform tube bus stops—tubular structures made from steel and glass, with pre-paid fares and disembarkation on the same level as the bus. With this system Curitiba once again gained national and international fame, whetting the curiosity of urban planning and design

Lisbeth Grönfeldt Bergman of the Transport Committee, Ambassador Annika Markovic and Tommy Svensson, President of Volvo do Brasil, during the dinner held at the Hotel Bourbon in Curitiba.





Eduardo Guimarães, Secretary of International Relations of the Municipality of Curitiba, Désirée Liljevall of the Transport Committee, and Virgílio Moreira Filho, of the State Secretariat of Industry, Trade and Mercosur Affairs.



The Swedish delegation walks along part of the 3-kilometer pier at the Port of Paranaguá.

professionals.

There are 390 bus lines that use a fleet of more than 2,000 buses, which carry more than 2.1 million passengers per day. Of these, 490,000 come from the neighbouring municipalities.

To give priority to public transportation, the Integrated Public Transport Network (RIT) counts on 72 kilometers of exclusive bus lanes, guaranteeing the smooth circulation of public transportation traffic. Today, the RIT has five transport corridors and a sixth is being implemented along a stretch of the BR 476. Within Curitiba and the 13 municipalities that participate in the RIT, with the payment of only one fare, the user has access to any of the 28 terminals located along the bus routes.

Along the articulated bus and direct bus lines, there are 351 tube bus stops, where the fare is paid in advance and the passenger boards directly onto the bus from a platform with no steps. Most of the tube bus stops have hydraulic elevators for disabled persons. There are also more than 75 buses on 57 bus lines that have been adapted for those who have special needs.

After the comprehensive information the Parliamentarians received in URBS's audito-

rium, it was time to test ride the Integrated Public Transport Network and to experience the system first-hand. Afterwards, the group entered its own bus for further transport to the city of Paranaguá and its port, located about 100 kilometers from Curitiba.

Via Estrada Graçiosa, the historical road down the Serra do Mar mountains to the coast, a lunch stop was made in the city of Morretes to have the typical dish of the region, *Barreado*.

Morretes is also famous for its banana plantations and a wide range of banana products such as dried bananas, banana chips, banana candy and banana marmalade as well as the manufacturing of high quality *cachaça*, the famous Brazilian liquor made of sugar cane.

After a tasty lunch at Restaurant Romanus, where the Parliamentarians tried the local speciality *Barreado* or sea food, the delegates were given a souvenir box of the *cachaça* producer Porto Morretes containing samples of the organically made sugar cane liquor. The *cachaça* had already been sampled the evening before at Hotel Bourbon as Porto Morretes mixed and served the popular Brazilian national drink *caipirinha* during the cocktail.

## The Port of Paranaguá

The group was welcomed to the Port of Paranaguá by Commercial Director Luiz Alberto de Paula César, who gave an overview of the port and its operation which was followed by a more in-depth presentation by the Manager for the Commercial Division, Alexandre Bastos Freire, who pointed out a range of facts and figures about the port. After a verbal and visual presentation about the port, the delegation walked around its facilities.

The Port of Paranaguá is the sixth largest port in the world, the second largest in Brazil and the largest bulk port in Latin America. It is the sec-

ond largest port in Brazil, but the first in the export of grains. The port's export corridor has the capacity to ship 9.000 tons of soybeans, grains and corn per hour.

The public Port of Paranaguá is certified to handle all types of freight, including general cargo, containers, vehicles, sugar, flammable materials and fertilizers. Fertilizers are the main products in the list of imported goods arriving at Paranaguá, which is the leading terminal of seven receiving the input in Brazil.

More than 95 % of the foreign exchange revenues generated in the state of Paraná and much of Brazil's as well is due to Paraná's public ports which are pace setters among domestic ports and ports worldwide.

Reduced costs and reinvestments of all profits in infrastructure have enabled the port to keep figures in the black and to boast the highest productivity per meter pier in the country. The annual average of goods handled at the port has reached 40 million tons.

APPA, the port authority of the ports in Paranaguá and Antonina, last year opened the first public ethanol terminal in Brazil. It has the capacity to store 37.5000 m<sup>3</sup> and can fill 15 vessels a month. The 21 general cargo warehouses together can hold up to 63.980 m<sup>3</sup> of frozen goods, paper and wood. A pipeline links the port to Petrobras' Getúlio Vargas refinery in Araucária.

Following the visit, the Swedish delegation returned to Curitiba, from which it departed the next day for a trip to Iguaçu Falls, one of the largest waterfalls in the world. ■

The souvenir box of *cachaça* given to the Swedish Parliamentarians.



Holding the *cachaça* gift box in their hands are (left to right) Swedcham's Hans Kastendal, Göran Nyström, Hans Stenberg, Claes-Göran Brandin, Ambassador Annika Markovic, Lisbeth Grönfeldt Bergman, Sven Bergström, Annelie Enochsson, Désirée Liljevall, Lars Meijern Larsson, First Secretary of the Swedish Embassy Katarina Clifford, and Anders Linnhag.





Swedish Environment Minister Andreas Carlgren on a guided tour in the Amazon Rainforest

## Swedish Environment Minister holds talks with Brazilian authorities

By Katarina Clifford

**T**he Swedish Minister for the Environment Andreas Carlgren visited Brazil September 10-14, together with Anders Turesson, the Swedish chief negotiator in the international climate negotiations.

They spent two days in Brasilia where they held bilateral discussions with Brazilian Environment Minister Carlos Minc, and meetings with the Minister for Long-Term Planning Mangabeira Unger and the Minister of Science and Technology Sérgio Rezende, as well as Ambassador Everton Vargas and the Brazilian chief negotiator for international climate issues, Luiz Alberto Figueiredo, at the Ministry of Foreign Relations (Itamaraty).

The discussions focused on the ongoing negotiations for a new international climate regime after the Kyoto Protocol, which

should be finalized at the meeting of the parties of the International Climate Convention in Copenhagen at the end next year. In the fall of 2009, Sweden will have the presidency of the European Union and will thus play a very important role in these negotiations.

Brazil is a key country in the international climate negotiations. First, the country is well ahead of other more developed developing nations regarding the amount of renewable energy in its national consumption and the Brazilian ethanol program has contributed to reduce the amount of greenhouse gases considerably since it was launched over 30 years ago. Also, Brazil houses the majority of the world's Rainforest in the Amazon and the issue of including a mechanism to preserve the tropical rainforest in order to reduce the emission of greenhouse gases will be of key importance in the coming negotiations. Thus Brazil has strong interests in the new climate agreement that is being negotiated and will also have a big influence over the positions of other developing countries.

During all his meetings Carlgren received praise for the Swedish position regarding Brazilian ethanol. At the same time as the debate on the influence of bioenergy on the global food crises was going on in Europe and elsewhere, Sweden was able to negotiate an exemption within the EU to import Brazilian

ethanol with reduced tariffs. Sweden has also continued to work within the EU to remove the tariffs on Brazilian ethanol. Carlgren pointed out that Sweden also produces bioethanol of good quality, however the Brazilian product is even better. As a strong proponent of free trade, Sweden prefers to buy products that are better and more competitive. Naturally, this policy is not popular among the European producers, who would rather see their products protected by high import tariffs.

The meeting between Carlgren and Minc focused on Brazil's efforts to reduce deforestation in the Amazon and the new fund for the Amazon that was established by President Lula at the beginning of August this year. For four consecutive years since 2004, the government has been able to achieve a reduced level of deforestation. However, this year this positive trend is likely to end and the rate of deforestation is again increasing. Despite increased resources for monitoring and stronger enforcement actions against illegal deforestation, it is challenging to combat deforestation given the strong financial incentives—i.e. for cattle ranchers and soy producers—in the Amazon. The government is now launching a fund that through contributions from individuals and other governments will increase the finance of measures for preservation of and sustainable production in the Amazon region. The Swedish government is looking into the possibility of contributing to the fund, however it is evaluating this possibility in light of other financing needs in the international climate area.

After these stimulating discussions regarding the Amazon, the Minister traveled to Manaus for a two-day visit in Amazonas state. Carlgren met with the Governor of Amazonas Eduardo Braga, and visited the Rainforest both by foot and by boat. The visit to the Amazon made a great impact on Carlgren, who maintains that Sweden and other industrialized countries have a historical, economic and moral responsibility to take the lead in the reduction of carbon dioxide emissions, and to contribute with technical innovations and financing for developing countries in order to help them develop in a more sustainable manner.

Sweden is thus constructively considering contributing to the preservation of the unique biodiversity of the Amazon Rainforest and is counting on a continuous close cooperation between our countries regarding environmental and climate change issues. ■

(Left to right), Brazilian Environment Minister Carlos Minc, adviser Fernando Lyra, Minister Andreas Carlgren, Ambassador Annika Markovic and Swedish Chief Negotiator Anders Turesson.





Volvo Traffic Safety Award ceremony (left to right): Benedito Teles Santos of Concórdia Transportes Rodoviários, Volvo do Brasil President Tommy Svensson, Fabio Berringer and Jonas Sjöbom.

## Volvo Traffic Safety Award

Swedcham Executive Secretary Jonas Sjöbom and Fabio Berringer of Chamber sponsor Dell do Brasil Comunicação attended the award winning ceremony of the 17th edition of the Volvo Traffic Safety Award on September 3 at the Panamby Events Center in São Paulo.

Volvo do Brasil President Tommy Svensson gave a speech on the occasion, congratulating all the winners (which included transporting companies, companies from other segments, professional drivers, journalists, etc.) and thanking the judging committee—formed by 18 specialists who examined works coming from 125 cities in 16 Brazilian states.

Created in 1987 by Volvo do Brasil as part of the Volvo Traffic Safety Program (aimed at encouraging society to reduce traffic accidents, which cause thousands of casualties year after year), the Volvo Award has already been “exported” to Argentina—where it was introduced through a Volvo Argentina initiative with the support of Volvo Construction Equipment, and is in its second edition. The Program has also become an international reference within the Volvo Group.

## Consulting services on the upswing

An agreement has been reached with Brazilian Business Partners (BBP) to offer consulting services. The expansion of these services is an answer to a major increase in demand from Swedish companies wishing to enter the Brazilian market. Consulting will also be offered to Swedish companies already present in Brazil, to improve and expand their existing operations.

BBP's Partners, Johan Fager and Peter Rowland, have a longstanding and solid background as management consultants, with years of experience in the Latin American market. Both Fager and Rowland are MSc in Economics and Business Administration from the Stockholm School of Economics, where they in fact met.

Fager's professional experience includes the positions of Management Consultant at AT Kearney in São Paulo and Stockholm, Managing Director of Swedcham in São Paulo, Marketing Director at mobile phone operator Tess, and Managing Director of Oriflame Mexico in Mexico City.

Rowland, who also has a PhD in

International Economics from the London Business School, previously worked as a Fixed Income Analyst for BNP Paribas in New York and London; Management Consultant at The Boston Consulting Group in London; Economic Advisor at the Banco de la República (the Central Bank of Colombia) in Bogotá; and Management Consultant at McKinsey & Company, also in Bogotá.

The agreement with BBP, which will be based at the Chamber, is indeed good news as Fager and Rowland will be able to offer high-level consulting advice. Contact info: 3066-2569, Fager 9401-4232 and Rowland 7022-4154.



Consulting experts Johan Fager and Peter Rowland.



Sarah Salomão de Alcantara

## Chamber welcomes Sarah and Jessica

We would also like to extend our warmest welcome to Sarah Salomão de Alcantara and Jessica Martins Guerra to our Swedcham staff. Sarah, who joined us in September, is our new sales consultant, and Jessica (who has been with us since August) is now our administrative assistant.

Born in Belo Horizonte, capital of Minas Gerais State, Sarah was previously active in the fashion area, having been the owner of a boutique for the last six years, but she has always been involved in the commercial area, her strong point. “I am a highly determined person, seeking targets and objectives in everything I do,” she says, adding that “I love challenges and being a part of this company will certainly be a new challenge in my life! I love selling and I believe I was born to do this. I am honored to be a part of Swedcham.”

Jessica, who is from São Paulo, is fluent in English, having studied the language for six and a half years at CCAA. She is currently in the second semester of a Business Administration course at PUC University in São Paulo. “I am very happy working at the Chamber. This is my first job and I am learning a lot with this experience,” says Jessica. “I will always be grateful for this opportunity and I will do my best to meet expectations regarding my work.”

Welcome aboard Sarah and Jessica!

*Continued on page 36*



Jessica Martins Guerra

# Foreign direct investment and international double taxation between Brazil and Sweden

By Renato Pacheco Neto\*  
and Fernando Muramatsu\*\*



There is no doubt that foreign direct investment (FDI) plays an increasingly large role in the economy worldwide. FDI generates jobs, introduces innovation through new technologies and, more generally, promotes economic growth and employment for a country. Given these potential benefits, policy makers should continually re-examine their tax rules to provide a more competitive tax environment in order to attract investments by multinational companies.

Note that the tax environment and, specifically, tax treaties to avoid double taxation are not the determinant factor for investment decisions.

FDI is attracted to countries that offer: (i) access to markets and profit opportunities, (ii) a predictable and non-discriminatory legal and regulatory framework; (iii) macroeconomic stability, (iv) skilled human capital, and (v) a well-developed infrastructure.

However, tax treaties can influence investment decisions in several ways.

First of all, these treaties work to offset the double taxation of foreign-earned profits by ruling double taxation relief methods, reducing the withholding taxes, and coordinating definitions and jurisdictions across borders. In addition to this, treaties can reduce tax uncertainty by providing rules for dealing with tax conflicts between governments, and between governments and firms. Provided that uncertainty can be a major barrier to investment, simply reinforcing and formalizing the tax environment can mitigate the foreign investors' insecurity and therefore encourage FDI.

For instance, Sweden and Brazil entered into a Tax Treaty to Avoid Double Taxation on April 24, 1975. Although Brazil is not affiliated to the OECD, such tax treaty reproduces the OECD model treaty by allocating tax rights between the source and destination

countries, establishing the legal definition of "permanent establishment" and of tax residents and providing methods for elimination of double taxation.

Some specific provisions of this Tax Treaty regarding taxation on dividends, interests and royalties were enforceable only for a 10-year term and suffered amendments in 1997 in order to extend the effects of these provisions for just two more years.

This Tax Treaty was an important tool to support Swedish FDI in Brazil in the last decades, considering that São Paulo was the second largest Swedish industrial city in the world in terms of number of people employed and amount of capital invested.

However, many changes have taken place in the global market since the execution of this Tax Treaty. Brazil, the land of promise in a recent past, is currently one of the world's most important emerging market economies.

Therefore, in order to benefit from this economic prosperity and enhance its competitive conditions, Brazil should include in its international affairs agenda a new debate for the amendment and renewal of the Sweden-Brazil Tax Treaty.

It is a good strategic opportunity for the Brazilian Government to reinforce and extend its relationship with Swedish companies, and also to adjust its legal tax environment according to the new trends of international taxation.

Sweden is a global center of excellence with strong R&D capabilities and a leading IT nation. Of course these Swedish groups have to expand their borders and expand trade relations with the biggest investment grade country in Latin America, Brazil. As already discussed in a former article also published in "Brazil & Sweden/Norway" magazine, there are many chances and opportunities to invest through investment funds and private equity

in Brazil, the so-called indirect investment.

This reality is not only a Brazilian scenario but also, according to the Invest in Sweden Agency's most recent report 2008/2009, foreign investors accounted for 70 percent of the capital invested in Swedish private equity and venture capital funds between 2005 and 2007. All these investment transactions require a deep tax analysis to secure an appropriate investment structure and a safe and cost efficient balance for both invested and investment entities. Again, this is the reason why taxation between both our countries deserves such special attention not only from our readers, but from all those wishing to boost their business projects. ■

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## Swedcham organizes meetings on Patent Protection & Liabilities within M&A



**D**uring its 38th meeting which took place on the premises of the Swedish Chamber on June 25, Swedcham's Legal & Business Committee had an outstanding presentation on the effectiveness of patents in Brazil by Dr. Markus Wolff, partner from the prestigious and very well-known law firm Dannemann Siemsen, specialized in intellectual property rights.

Dr. Wolff graduated both as a Mechanical Engineer from Santa Ursula University and as a Juris Doctor from Estácio de Sá University; undertook postgraduate studies in Intellectual Property Rights at the Fundação Getúlio Vargas (FGV); as well as graduate programs in German and European Patent Law at the Technical University of Berlin.

By referring to the legal and court remedies applicable under Brazilian law, the speaker also exposed the legal framework and focused on the hurdles to enforce patents in Brazil. Preparing measures, competence issues, targets and defense strategies were also touched upon as very important matters by Dr. Wolff.

Among participants in the meeting, the Legal & Business Committee counted on the following companies and members that listened attentively to this presentation: Luís Otávio Morales (Sandvik), Maurício Pinheiro (Astra Zeneca), Sergio Pompilio (Astra Zeneca), Carla Moreno (Husqvarna), Joyce Honda (SCBF Advogados), Octávio Bocchini (SCBF Advogados), Kristian Linden (Hästens), Luiz Antonio Serbino (Alfa Laval), Magnus Aspeby, Marcia Martins (FBP-Advogados), Erika Ferreira (FBP-Advogados) and Henrique França (Bastos Tigre).

As this magazine was going to press, the Legal & Business Committee was busy organizing its 39th meeting, scheduled to take place on September 24 with special emphasis on managers' liabilities in light of Merger & Acquisition transactions carried out in our country. We expect to be able to further discuss with our members issues related to both liabilities and M&A transactions, as follows.

Whenever investing in Brazil, if Nordic investors do not make an option for foreign direct investment or indirect investment by means of investment funds or private equity, they may be facing M&A transactions. Therefore, it is

very important to keep in mind the different kinds of possible arising transactions.

On the one hand, if after discussions and conduction of the due diligence procedures, an investment group considers ceasing the activities of one or both firms, we have a typical merger situation. Therefore we can speak of merger by incorporation, when one remaining company absorbs the assets of the other, primarily rewarding the former owners of the absorbed company with shares in the absorbing one.

On the other hand, if after discussions and the startup of negotiations the Nordic investors wish to undertake acquisition, it is also relevant to observe following differences. A first possibility consists of just acquiring assets whereas a second option would be to acquire shares or quotas, meaning to transfer stock and liabilities thereto related.

Transactions of assets are carried out between the companies themselves, but operations involving shares have to be undertaken by the owners of the companies, who will therefore authorize the management to move forward with the business/investment plan.

In this respect, whenever a transaction is executed against the management's will, we ascertain the so-called hostile takeover, both of assets or more commonly of shares, acquired by an external investor, usually on the stock exchange capital markets. Normally, the first decision taken by investors choosing the hostile strategy is to fire managers and restructure the business to gain on profitability.

Last but by no means least, Swedcham's Legal & Business Committee is working a project entitled "Improving and Developing Your Business in Brazil" as a joint contribution not only from the leading law firms participating in the Chamber's activities, but also from industrial and service corporate members.

An organizing team is being set up among some volunteers in order to steer this project and look for articles and cases of interesting ventures already made in Brazil by Swedish and other Scandinavian and Nordic companies. If you have a good idea or contribution, do not hesitate to contact the Committee to join our project. Hope to see you at our next meeting! ■





# Collaboration: the key word to integrate IT and business processes

IN THIS ARTICLE, WE WILL SHOW THE NEED FOR PROFESSIONALS OF BOTH AREAS TO SHARE KNOWLEDGE AND ALIGN PRACTICES IN ORDER TO GUARANTEE THAT THE PROCESSES OPERATE EFFICIENTLY WITHIN THEIR COMPANIES.

In order for the processes to operate efficiently within companies, one requires a good support for systems, which are predominantly managed by the Information technology (IT) area. There is absolutely no doubt about this. There is also a general consensus that, in an environment of processes, it is necessary that there be a greater transversal collaboration between the people involved. Nevertheless, the lack of alignment between IT professionals and those responsible for the adoption of business processes is still a sad reality in most organizations.

But why does this occur? Antipathy? Competition between categories? Would this be due to the fact that, apparently, the technology sector is so distant from the rest of the organizational structure? Would the problem reside in the difficulty process professionals have in dealing with systems? Or are we simply facing a new situation?

In reality, we are dealing with a bit of everything here, but the predominant factor to justify lack of understanding between the two parties is the manner in which each sector sees and resolves problems. While the IT area deals with extremely logical tasks that are focused on the form of the product or service, the people involved in business processes—generally closer to or even right within the company's value chain—need to think in a globalized, transversal, transdisciplinary, collaborative and principally client focused manner.

In a recent analysis, the Gartner Group concluded that tendencies point towards the evolution of IT as an area for the creation of solutions for businesses, service providers and corporate resources, and that being the holder of technological knowledge is no longer a profession. In other words, with the popularization of information technology, the knowledge has been disseminated among other users. Technology professionals have left their comfortable position and must rethink

their way of operating from now on.

Companies are rapidly migrating to management by processes, and executives, independently from hierarchy, must necessarily have the combined profile of leader and manager, i.e., work with their heads and hearts, in accordance with each scenario. Ethics, character, assuming and having responsibility according to the dimensions of the concept of sustainable development, in addition to emotional stability—even in chaotic situations—are essential characteristics.

To listen, guide, give feedback, delegate, correct, make decisions, motivate, work in and with teams, dedicate oneself to the success of everything and everyone, develop people and have social talent emerge from the symbiosis between leadership and management and are essential in terms of obtaining a global result.

In this context of changes at a glance, where challenges pile up and become globalized on a daily basis, it is no longer possible to think and act in a segmented manner. It is necessary to add knowledge, abilities and motivations. It is necessary to use all the brain's senses and potential.

When we look around us, it is easy to identify people who are clearly leaders and terrible managers. In the same manner, we can recognize fantastic project developers, in charge of hundreds of people, but without the slightest sensitivity of leadership.

Whoever has tendencies leaning towards only one of the two sides urgently needs to develop the other. This is the path towards a better integration between IT and business process professionals.

*\*Dieter Kelber is the executive director of the Advanced Institute of Intellectual Development (INSADI) and Coordinator of Swedcham's Human Capital Committee.*

## Export Hermes prize awarded

Tobii Technology and Cibes Lift have been awarded the prestigious Export Hermes 2008 prize. The prize was handed over by H.R.H Crown Princess Victoria in connection with World Trade Day at the Stockholm Chamber of Commerce. This year's winners of Export Hermes operate in different areas, but have one thing in common - they make life easier for handicapped people. Swedcham Executive Secretary Jonas Sjöbom was present and is at your disposal for any questions regarding the winners. See more about them at [www.tobii.se](http://www.tobii.se) and [www.cibeslifts.se](http://www.cibeslifts.se)

The Export Hermes prize has been distributed by the Fund for Export Development since 1981. The prize honors companies that have had extremely successful exports (quick and steady increase, innovative marketing, spread-out business, and sound economic base). Altogether, 40 companies have received the Export Hermes award, which comprises a statue by artist Thomas Qvarsebo and a handwritten diploma by artist Lennart Forsling. [www.exporthermes.org](http://www.exporthermes.org)

## Special thanks for space rental events

Swedcham would like once again to thank the following companies/institutions for recently renting our facilities for events:

LVMH (June 6, 20, 23, 24 and 26, July 18, September 5 and 8)  
 Fortis Bank (June 16, July 23 and August 4)  
 Gambro (June 17 and August 19)  
 DM Recursos Humanos (June 27 and July 4)  
 Moody International (July 14)  
 Astral Pool (July 14)  
 Nespresso (July 14-17)  
 Signature do Brasil (July 7-August 9)  
 Dormer Tools (July 25)  
 Phadia (July 29)  
 Haldex (August 14)  
 Hästens (August 18-19)  
 Sandvik (August 22 and 29)  
 Munters (August 27)  
 Scuba Life (August 30)

## Ericsson appoints new president

Fatima Raimondi has been appointed the new president of Ericsson in Brazil effective September 15. She replaces Johan Wibergh, who was appointed senior vice president and head of the Networks business.

Fatima was formerly president of Ericsson for South Latin America, which includes Argentina, Bolivia, Chile, Paraguay, Peru and Uruguay. The executive, who started as a trainee in 1986, has also worked in Sweden and Portugal, where she was sales manager, commercial director for Vodafone and president of Ericsson Portugal.

## Happy Hour in Stockholm

The Swedish-Brazilian Chamber of Commerce organized a happy hour for former employees in Stockholm on August 21.

Helena Backlund, herself a former member of the Chamber staff in São Paulo, had with a lot of detective work found the addresses of close to 60 Swedish employees and former employees at the Chamber from 1977 until today. Nearly 30 of them showed up for a memorable night that started at Hotel Angleis in Stockholm.

A similar happy hour will be organized in São Paulo later this year.

## New Members

Swedcham wishes to welcome the following new members:

### Corporate:

Smiths Medical do Brasil Produtos Hospitalares Ltda.

Activity: Smiths Medical is a leading global provider of medical devices for the hospital, emergency, home and specialist environments.

General Motors do Brasil Ltda. (Allison Transmission)

Activity: Allison has the broadest and most advanced range of fully automatic power-shifting transmissions for on- and off-road applications.

### Individual:

Sven Lund

Breno Satler de Oliveira Diniz

Alexandre Schulz Pinto

Emanuel Pedreira de Queiroz

Per Ulf Erik Henriksson

Thais Cristine Arns

Shirley Yumi Hayashi

Sérgio Lopes da Cruz

Anna Paula Jonsson



Helena Backlund surrounded by former Chamber Managing Directors with whom she worked in São Paulo (left to right): Peter Källberg, Jan Axelsson, Swen Schele, Johan Fager, Hugo Oljemark and Pontus Broddner.



**Dental Care**  
 Dr. Karen Bygdal Andreasen



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[bygdal@globo.com](mailto:bygdal@globo.com)

## ...Volvo Ocean Race

*Continued from page 6*

Finish trophy will also be created by Waterford Crystal, which will have trophies for each navigation leg of the race and a commemorative piece for each race participant.

The Volvo Ocean Race is an event which takes almost an entire year to circumnavigate the globe, and there are thousands and thousands of followers who watch closely the events of each leg of the race, accompanying developments much like those who follow the yearly Formula One races or the games and classification of an international soccer tournament. It is a sports event that is known for its unpredictable weather, its element of danger and the uncontested skill of the racing crews and their captains.

The 2008/2009 Volvo Ocean Race will most certainly be another test of ability and perseverance and a testimonial to the dedication of all those who spend a year organizing and participating in one of the world's great competitions. ■

## ...1958

*Continued from page 13*

charming wife Marlene received Swedcham pins, but asked if we could give them some more for the children because the whole family is a great lover of Sweden.

A number of Swedcham members took the opportunity to promote their brands by sponsoring the event: Ericsson (the main sponsor), SAAB Technologies, Sandvik, Scania, SKF and Volvo.

Federal District Governor José Roberto Arruda recalled that 1958 was a year of milestones: the first World Cup gold, the birth of bossa nova, the construction of Brasília and rapid industrialization. Juscelino Kubitschek

(Brazil's President from 1956 to 1961), who became a symbol for Brazil's economic development, had during his campaign promised "50 years of progress in 5."

Many thanks to the Swedish Embassy for the best act of Sweden promotion in Brazil in a long time! The cocktail and dinner had an excellently open and friendly atmosphere from the very start. People were literally walking around with a smile all evening. At the end of the dinner, Swedish song star Lisa Nilsson gave a remarkable performance. The following evening, she held a highly attended concert at the National Theater, where the Brazilian audience was surprised and delighted by her fantastic feeling for Brazilian rhythms, singing bossa nova and samba hits. ■

## ...Arbitration

*Continued from page 41*

substance or that of the procedural rituals themselves such as that of the Lex Mercatoria, which the authors recognize (Ricardo Ramalho Almeida, "Arbitragem Comercial Internacional e Ordem Pública" – International Commercial Arbitration and Public Welfare, Ed. Renovar, 2005, page 334).

On opting for British Law and for the rules of the International Arbitration Chamber, the parties are appropriately in accordance with Law 9,307.

However, if in the origin of the arbitration dispute we have a contract whose procedural execution in Brazil calls for the formal requirement of the signature of two witnesses, we fear that this would be a violation of a public interest norm of Brazilian law, whose noncompliance could cause the rejection of the case by the arbitration panel itself, and the non-ratification of the latter's decision by the Brazilian courts.

Analyzing the matter of the basic proce-

dural principles in Brazil vis-à-vis the arbitration dispute, Pedro Baptista Martins and José Maria Ronassi Garcez ("Reflexos sobre Arbitragem" – Reflections on Arbitration, São Paulo, 2002, page 328) instructs us:

"It is also necessary to pay attention to the concepts and certain structures developed in the procedural technique, matured throughout the century with relation to the state civil procedure, which are extended to the arbitration procedure".

We would like to also place on record the words of Professor Norbert Horn (Law Center for European and International Corporation RIZ) in the articles "Arbitration and the Protection of Foreign Investment: Concepts and Means" in the work "Arbitrating Foreign Investment Disputes" (Kluwer Law International, 2004, page 27):

"Within the realm of ICSID Convention procedures, annulment cannot be decided by state courts but only in a special procedure provided in the convention. Outside ICSID, an arbitral award can be challenged in an annulment procedure according to the national arbitration law of the state court invoked, as was the case in the CME arbitration, where the Stockholm court was successfully invoked for annulment. Annulment is, of course, a necessary remedy against improper conduct of arbitral proceedings, e.g. denying a party to be properly heard. However, annulment may unfortunately be an effective weapon in parts of the world where the state courts are more inclined to serve as instrumentalities of the host government as was the case in the Himpurna arbitration."

These are appropriate words to take into consideration in view of, for instance, possible future arbitration disputes with Petrobras, a major influential player in the Brazilian economy. ■

*\*This article was written by João Luiz Coelho da Rocha, Partner of the law firm Bastos Tigre, Coelho da Rocha e Lopez Advogados.*

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