



World Eye Reports Brazil



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Welcoming the third wave of Japanese investment

In March this year official figures confirmed that Brazil, with its growth rate of 2.7 per cent, had leaptfrogged over the U.K. to become the world's sixth largest economy, behind the U.S., China, Japan, Germany and France.

Brazil took over Italy's seventh place in 2010. By 2020, it is predicted that South America's largest country will overtake both France and Germany (while itself being passed by India and Russia) with an economy bigger than that of any European country.

Though Brazil's per capita income is still relatively low compared to that of the world's developed countries, it is growing fast: a clear contrast to the stagnation and recession currently the norm in Europe, the U.S. and Japan. With its relatively young population close to 200 million, a rapidly growing proportion of which has joined the ranks of the middle class in just the last 20 years, Brazil has all the elements to become a world-class powerhouse.

In the 21st century — as the balance of economic power shifts from one established hierarchy to a new order — Brazil is assuming its increasingly prominent role on the world stage with a cool samba filled with verve, energy and enthusiasm.

It's a dance that is being felt in Tokyo as well as in Sao Paulo, and not only at the annual Brazilian carnival held in the Asakusa district of Tokyo. Japan and Brazil's already close ties have strengthened in recent years.

History has something to do with it, of course. Brazil has the world's largest population of ethnic Japanese outside Japan — many of them settled in Sao Paulo and surrounding areas.

"Japanese farmers played a pivotal role in settling in areas of Brazil that were once thought uninhabitable," says Kitahiro Kita, president of Bunkyo (Brazilian Society of Japanese Culture and Social Work). "I believe the strength of Japanese resolve and belief in Brazil was a key factor in its development into the country it is today. The Japanese in Brazil are very proud of their shared heritage."

"The Japanese here are no longer second- or third-generation immigrants; they are now becoming fifth- and sixth-generation Brazilian-Japanese," points out Akira Fukano, director general of the Japan Foundation of Sao Paulo.

Japanese investment in Brazil first peaked in the 1950s after the end of World War II, and then again in the late 1960s and early 1970s with the

Brazilian "economic miracle." The third wave of increased Japanese investment in Brazil coincided with the start of the recent global crisis. While Brazil has been affected by the worldwide recession, it was also one of the first countries to bounce back to healthy growth again.

"Although 2008 was a year of financial crisis, the expansion of Japanese companies to Brazil has been remarkable," says Fujiyoshi Hirata, secretary general of the Japanese-Brazilian Chamber of Commerce and Industry in Sao Paulo. "Our chamber alone gained 24 more Japanese associate companies, reaching a total of 181 companies by the end of 2011." It's no wonder that companies are flocking to Brazil again, given the lack of economic expansion elsewhere.

Fully 25 percent of Brazil's gross domestic product (GDP) and 36 percent of its exports are generated by agriculture and food processing. It is now the world's largest producer of sugar cane, tropical fruits and coffee, and has the world's largest cattle herd. Brazil is also believed to have oil reserves at least equivalent to those shared by Norway and the U.K. in the North Sea. It is these areas that hold the greatest interest for Japanese investors.

"Given the close bilateral relations between Brazil and Japan it is vital that we use each other to improve competitiveness for both countries," says Jorge Mendes Ribeiro Filho, the minister of agriculture, livestock and food supply. "The Japanese have great technology and skills that would benefit us further, while Brazil has vast natural resources, natural beauty, and friendly, skilled and hardworking people."

Brazilian chicken and beef is becoming increasingly available in Japan as well. "Brazil will always have top-quality chicken for our nation and our trading partners," says Francisco Sergio Turra, executive president of UBABEF (Brazilian Chicken Producers and Exporters Association).

Innovation has also reached the beef sector. "Anyone who buys Brazilian beef can look up the attached serial number and determine exactly the farm, farmer and area from where the beef originates," explains Fernando Sampaio, executive director of ABIEC (Association of Brazilian Beef Exporters). "This incredible traceability is a testament to our pride in our product, and you can taste it!"

Meanwhile, mined resources continue to be important exports from Brazil to resource-poor



The Hotel Unique in Sao Paulo, known for its dynamic and innovative design, is one of the many great works of the Brazilian architect of Japanese descent Ruy Ohtake.

Japan, while mining technology flows the other way.

"We would definitely welcome more Japanese innovation and companies in the mining sector," states Rinaldo Mancin, director of IBRAM (Brazilian Mining Association). "We need quality transport, technology and equipment for the sector to take the next leap forward."

The fruits of Brazil's rich land extend to its substantial paper and pulp industry, one of the world's most important. Celulose Nipo-Brasileira (Cenibra), a leading company in the sector, is Japanese-controlled with significant Brazilian participation. Brazil is the world's fourth largest pulp producer and 10th largest paper producer.

Elizabeth de Carvalhaes, CEO of Bracelpa (Brazilian Pulp and Paper Association) speaks of her organization's close ties to its Japanese counterpart: "We have a long-term relationship with the Japan Paper Association, focused on promoting sustainability and environmentally friendly products. The issue of planted forests for industrial purposes in both countries is a relevant synergy aspect that may be used to further studies and improve the multiple uses of forests as well as the opening of new fronts such as biotechnology."

On the industrial front, Japanese manufacturers such as Toyota, Honda and Mitsubishi have become even more aggressive in their efforts to grow together with Brazil's automotive in-

dustry. Toyota recently opened its third factory in the country, in Sorocaba, west of Sao Paulo, with plans to more than double its sales in the coming years. While Toyota will start fabricating the subcompact Etios model there later this year, Honda has just celebrated the making of its millionth car in the country in its 15th year of production in Brazil. Mitsubishi announced last year that it was investing an additional \$638 million in its Brazilian operations to increase production and boost sales.

Today, all eyes are on Brazil as it gets ready to host the 2014 FIFA World Cup and the 2016 Summer Olympic Games.

"Brazil is not a 'land of the future' anymore, it is the country of infinite potential!" exclaims Hirata. "It is a union of immigrants from over 100 countries united by one language, with rich manpower, and no serious religious or ethnic conflicts."

"Brazil must do well in order for Japan to do well, and vice versa," says Akira Miwa, Japan's ambassador to Brazil. "Culturally, the two countries share a long history of cooperation, over 115 years. We are such a good match both culturally and businesswise, and my hope is that this bond will unfold fully in the next few years."

And so Brazil takes its place on the global stage. This giant country is coolly holding the gaze of millions, swaying to its own beat and spreading the image of the new Brazil across the world. ♦

Eye on Brazil

Yakult S/A Industria e Comercio was established in 1966 as the first subsidiary of Yakult within South America due to Brazil's great market potential. Through constant innovation, research and development, the company is committed to enhancing the health and happiness of the Brazilian people through its probiotic drinks. www.yakult.com.br

The Brazilian Trade and Investment Promotion Agency (APEX) APEX-Brasil promotes foreign investment in the country and supports the internationalization of Brazilian companies, while fostering innovation and sustainability within industry guidelines. It also seeks new markets for Brazilian products. www.apexbrasil.com.br

The Brazilian Mining Association (IBRAM) is a private, non-profit association representing the interests of the entire mining industry. IBRAM aims to promote the industry and raise its competitiveness while also contributing further to the development of the industry's practices regarding safety, health, research and new technologies. www.ibram.org.br

Mato Grosso Soybean Producers Association (Aprosoja) was established in February 2005 with the aim of representing Mato Grosso soybean and corn producers, actively participating in policy decisions related to the sector, maintaining dialogue with public and private institutions and creating projects to improve the sustainability of soybeans in the state. www.aprosoja.com.br

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Twenty-first century challenge echoes a pioneering past

When the first Japanese immigrants traveled to the port city of Santos in Brazil on the steamship Kazato Maru in 1908, many settled in Mogi das Cruzes — a town conveniently located on the railway line between Sao Paulo and Rio de Janeiro. In Mogi, the mostly poor immigrant farmers from the other side of the globe raised vegetables to feed rising demand from the growing cities. Even today, more than 20 percent of the population is of Japanese descent.

In 2011 the Japanese multinational group Daikin Industries set up its first Brazilian factory for cooling equipment in the same town to serve the country's growing air-conditioning requirements. Worth \$2 billion in 2010, the market is predicted to grow to over \$4.8 billion by 2015, with Sao Paulo and Rio de Janeiro alone taking over 60 percent of the national demand.

"It is really an exciting time to be here in Brazil, especially for Daikin," says the Brazilian subsidiary's president, Takahide Shibata, in his Sao Paulo office, expressing excitement at the onset of production for the new factory last March. "We are still a relatively new company in Brazil, but we are strategically located here to reach our target market."

Daikin Brazil first began selling commercial air conditioning units in the country in 1992, and it established Daikin McQuay Air Conditioning last year. Leading the company's beachhead in Brazil with more than 32 years of work experience in the Daikin worldwide behind him, Shibata

is no stranger to the company's philosophy and strategy.

"We know the market segment that we wish to target, and we are confident that this flourishing Brazilian economy will steer us to success," he says.

Since May last year, its operations have swollen from just 10 to over 80 employees.

"The key is to train our local vendors and suppliers to highlight our advanced technology and modern designs in the local market," Shibata explains. In fact, Daikin has a current agreement with SENAI (Servico Nacional de Aprendizagem Industrial), a local network of schools for professional, industrial and technical training, to assure and maintain top-quality preparation for its employees.

He is confident that the coming 2014 FIFA World Cup and the 2016 Rio de Janeiro Olympic Games will further accelerate infrastructure development leading to increasing growth in the commercial, industrial and residential sectors of the market. The continuing rise of the middle class in Brazil should also expand burgeoning demand for air conditioning in housing.

"Daikin has a bold market plan for Brazil," says Shibata. "We have strategically set up new branch offices in Rio de Janeiro, Recife, and Porto Alegre just in the past 10 months. The market here is huge and spread out, and this is something that we will not ignore."

He admits Daikin has to play catch-up in order to stand out from its competitors, some of



Takahide Shibata, president of Daikin Brazil

them with long-established foundations in Brazil, but is confident that advanced products and innovative solutions will serve as the company's greatest assets in the race.

Features such as Daikin's patented inverter technology give its products unique advantages and cutting-edge exterior designs. Perhaps more importantly, they also make possible more energy-efficient and sustainable air conditioning systems as well.

"Brazil consumes a growing amount of electricity, and Daikin products are the best choice to maximize power use when it comes to air conditioning. I believe that our technology can enable a holistic relationship between our products and the Brazilian market, which can help improve many aspects of people's lives," he adds.

It has been more than a century since Japanese migrants had their first view of Mogi das Cruzes. Once again a Japanese newcomer has established itself in this fertile soil to participate in the building of an ever-inventive land. ♦ www.daikin-mcquay.com.br

Frictionless growth for Brazilian industry

NSK, the world's top producer of lightweight, high-quality bearings, has a global presence on five continents, with sales offices in 27 countries and 62 plants around the globe. In Brazil, it maintains its strong position by adhering to strict Japanese quality and reliability standards with expert Brazilian employees and distributors. Established 42 years ago, the Brazilian subsidiary maintains its premium rank in the top three of the industrial aftermarket and OEM segments.

Much of this is a result of the work of the company's committed personnel. "Our valued employees have become even more sensitive to market tendencies and challenges; they are more responsible and engaged than ever before," says Issei Murata, president-director of NSK Brasil. "This has

given us great results as our employees are becoming increasingly better at reaching their individual goals."

NSK's technology, based on more than 90 years of experience since its start in Japan, is another crucial part of the equation. Last year, NSK obtained official certifications from the Brazilian oil giant Petrobras for its products in oil pumps. "The beginning of this year has been somewhat difficult but we are positioning ourselves for the expected upturn later this year. The upturn will be dependent on the industrial market, particularly within agriculture and mining. We are excited to be part of developing these industries with quality products in Brazil," he says.

In the auto manufacturing sector, NSK is ready for expected new growth in EPS (electrical power steering) mar-

ket demand. This will entail a closer focus on relations with its aftermarket distribution network.

"Our network for the industrial market is the best in Brazil," he explains. "We have established strong relations with our distributors, building up mutual understanding and trust through good listening. In the distribution business, the most important thing is open communication."

Murata feels NSK has benefited immensely from being in Brazil: "The Brazilians are very open, so we reach better decisions through conversations in which everyone is on board. I believe the Brazilian and Japanese cultures complement each other well. The Japanese community is huge and doing very well in Brazil. I sense that Brazilians understand Japanese culture: We

have a special relationship."

NSK's future growth in Brazil will be influenced by modernization and innovation in the country's automotive industry, and also in its key agricultural sector.

"EPS implementation will grow as we approach 2014," he adds. "We are chasing that demand strongly, so we have already obtained several business partners. Though we currently cater to EPS demand through overseas production, we will eventually localize production."

In bearings applications in agriculture, meanwhile, NSK is also one of the country's three biggest players.

"The agricultural industry utilizes a wide range of bearings, so it is important for NSK to have an attractive product range that caters to everyone in this sector," Murata comments. "This year, our goal is to reduce production costs while widening our product range



Issei Murata, president-director of NSK Brasil

even further. In this way NSK will stay competitive.

"We aim to promote our advanced Japanese technology for the OEM market," he concludes. "This is important because we want to help develop the industry and become No. 1 for the OEM market, just as we are in the industrial aftermarket." ♦ www.nsk.com.br

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A Japanese search for harmony in Brazil's eucalyptus forests

Brazil is the world's fourth largest producer of wood pulp and the ninth largest in the world for paper production. Cenibra, one of the country's largest paper and pulp companies, celebrates 40 years in 2013. Brazil's history of migration from Japan in the early part of the 20th century — mostly by agricultural workers — has made it particularly appealing for at least one Brazilian-Japanese venture.

This is the case of the eucalyptus pulp producer Cenibra (from Celulose Nipo-Brasileira), which was formed in 1973 through a partnership between CVRD (Companhia Vale do Rio Doce) and JBP (Japan Brazil Paper and Pulp Resources Development). JBP, a consortium of Japanese companies such as Oji Paper, Itochu and Nippon Paper, is now the only shareholder. After almost 40 years in existence, Cenibra now operates

in 54 cities and counties in Minas Gerais state and sells its products around the world. Particularly, the strengths of both the Japanese and Brazilian culture is important for Cenibra and its President Paulo Eduardo Rocha Brant.

"I see Brazilians as very creative and flexible, which I really value. We also have a strong Japanese foundation. Japanese are polite and value respect toward the environment, the people, the law and the government. Respect is highly important to us," says Brant.

Based in Brazil, Cenibra is also distinctly Japanese in mentality.

"Our main goal is sustainability, in the broadest sense," Brant says. "Sustainability for us means maintaining the relationship between our people and our company; and that is the precondition for healthy profit. We don't believe in profit at any cost.

"We have strong, green values that govern all aspects of management and operations. The concept of harmony, which is a big part of Japanese culture, is also a vital part of how we work in Cenibra. In this aspect we are 100 percent Japanese."

Brant's management philosophy emphasizes his goal: promoting environmental, social, economic and cultural harmony. With the company's 40th anniversary coming up in 2013, Cenibra is looking inward and assessing its operations to keep competitive in the future.

Brant believes that increasing productivity in all production processes, not only in the mill, but including all forest activities while maintaining social harmony is key to the company's continued success.

"We are constantly looking for and implementing initiatives to reduce production costs by modernizing ac-



Paulo Eduardo Rocha Brant, president of Cenibra

tivities and increasing mechanization as much as possible," he says.

"We are currently producing at top capacity, so we are looking to double this through new investments into the company," Brant explains. "In the realization of our strategies and goals, the Japanese connection will be essential." ♦

www.cenibra.com.br

Brazilian heritage is secure and growing in Japanese hands

When the world's largest pulp manufacturer, Fibria Celulose, decided to sell its specialty paper mill in Piracicaba in Sao Paulo state, it was only natural for Japan's largest pulp and paper company, Oji Paper Group, to take over and create Oji Papeis Especiais.

The Brazilian plant's heritage dates back all the way to 1953 when the Monte Alegre paper mill, the present facility, was founded. From 1989, the Monte Alegre paper mill evolved into the specialty paper mill of today, maintaining strong links with Japanese paper company Kanzaki.

Those connections with Japan fused well with Oji Paper's own global strategy.

"Our group was present everywhere in the paper business," says Gilberto Julio Piatto, CEO of Oji Papeis Especiais. "Oji Paper has a good relationship in Brazil, and Fibria expected our

company to acquire its special paper business."

"Oji Paper's environmental strategy is very similar to that of Fibria, focused on sustainability," says Tomoo Edagawa, general manager of the imaging media business of Oji Paper. "We also have many similarities on how we conduct business. It was really a good collaboration."

"For instance, we cause practically no air pollution because we use natural gas," Piatto continues. "We apply physical and chemical waste treatments so that the water we take from rivers is actually even cleaner by the time it is put back. Our safety policies are also above standard by 50 percent."

Oji Papeis has the capacity to produce 120,000 tons of specialty paper every year. With 573 direct employees, it focuses on thermal and carbonless paper. Last year, for the first time,

it produced a record 40,000 tons of thermal paper in Piracicaba.

"We currently have a 70 to 80 percent market share in thermal and carbonless paper in Brazil," Piatto comments. "We intend to grow by more than 10 percent every year, especially with thermal paper."

Through constant improvement of the quality of its products as well as its production process, Oji Papeis plans to export more carbonless paper. Currently, it sells 10,000 tons of carbonless paper abroad, with 60 percent going to South and Central America and the remaining 40 percent to Europe.

"In Brazil, we are concerned most of all with maintaining our relationships with our customers," Piatto adds. "To keep our business running smoothly, it is important to preserve our credibility by supplying our customers with the best products."

"We have technical people in Japan



Gilberto Julio Piatto (left), CEO of Oji Papeis Especiais, and Tomoo Edagawa, general manager of the imaging media business of Oji Paper

check the raw material and our factory processes," Edagawa explains. "We now have perfect integration with Oji Paper Japan."

Oji Papeis remains committed to the development and progress of Brazil.

"People are enjoying a better life here. We can serve Brazil's further development. As Brazil's GDP growth rate continues to increase, so will our business," Piatto predicts. ♦

www.ojipapeis.com.br

A different kind of energy powers Brazil

A country's energy sector is the backbone of its industries. Particularly in a growth economy such as Brazil's, with its increasing reliance on energy-hungry technology, there is an ever-growing need for reliable and innovative sources. Enter Diferencial Energia, where CEO Eduardo Lanari Prado and his senior management team are focusing on successful alternative approaches to meet exploding demand.

"We were originally involved in the steel industry," recalls Prado, whose family helped found the giant Japanese investment in Brazilian steel, Usiminas. "About 15 years ago, I moved into the power industry. In 2005 we formed Diferencial Energia, bringing together a group of dynamic executives with experience in the electricity sector."

The team has proven to be one of the keys to the company's success. "We are structured as a partnership and we work closely together," he explains. "The complementarity of our backgrounds makes us strong."

Having started with energy trading, Diferencial then diversified into project development and educational training for the sector.

"Up to now we have helped develop the production of 800 megawatts of energy," Prado continues. "We began our interaction as consultants and then evolved into shareholders in several of our developments around Brazil."

Knowledge development has been a strategic focus from the beginning.

"We think that expanding the technical and managerial knowledge base and increasing R&D spending and productivity is going to be a fundamental point for Brazil and our industry," he says.

In fact, Diferencial has started work with local technical and academic institutes such as PUC Rio (Universidade Católica) and SENAI (National Service for Industrial Apprenticeship) as well as establishments abroad.



Diferencial Energia's 204 MW thermal power plant located in Linhares.

"Working with universities allows us to generate jobs and income for students and schools, and also exposes us to great new ideas from innovative people who are all working toward a better Brazil," Prado explains.

Diferencial's recent work with renewable energy is among its most exciting, as well as indicative of its alternative approach even to alternative energy. While Brazil's most common renewable resource is ethanol, the company is tapping a perhaps more effective fount.

"With ethanol energy you become dependent on a crop that is subject to fickle weather conditions and other external factors, which can drastically affect crop yield," Prado argues. "Since 2009 we have been working with the eucalyptus tree, which is a more flexible source that can be grown in relatively poorer conditions."

"The best thing about it is that there is no degradation," he points out. "We do not hurt the rain forest as the eucalyptus is already abundant throughout Brazil. We cultivate it and utilize it ensuring that the environment is not harmed."

It's this "different" approach to the very concrete energy needs of a growing world economic power such as Brazil that separate Diferencial Energia from others in its field. The brainpower behind the company's alternative approaches strikes sparks just as important as its megawatt production. ♦

www.diferencialenergia.com.br

Covering Latin America's growth in Brazil

As we progress further along the 21st century, Japanese companies are turning their investments increasingly abroad to focus more sharply on the rapidly developing economies that will be providing for most of the world's future economic growth while other more traditional markets stagnate.

In this vein, Omron, whose roots trace back to 1933 in the ancient Japanese capital of Kyoto, has redoubled its efforts to grow within the vibrant business climates of Latin America — and especially Brazil.

In fact, on April 2 of this year, the company announced the establishment of its Omron Management Center of Latin America in Sao Paulo. This central hub for Omron will eventually serve as the vital central point for its strategy of sustainable and exponential growth throughout Latin America. Through this, the company aims to reach sales of \$500 million in the region by 2020.

In Brazil, Omron maintains three divisions: automotive electronics, industrial automation and health care. The

new Omron Management Center will reinforce the company's operations in these key sectors, in which it expects sustained and rapid growth in line with Brazil's economic exuberance.

"Through the establishment of the new local headquarters in Brazil, Omron seeks to locate business opportunities to disseminate its automation solutions to Brazilian industries as well as utilize these solutions to more efficiently produce a wider range of products to suit the needs of Brazilian customers," says Nigel Blakeway, acting representative of Omron Management Center of Latin America.

Blakeway, who has lived and worked in Japan, the U.S., Europe and other parts of the Asia-Pacific, is currently the head of the Omron Management Centers in the U.S. and Europe. In 2010, he helped develop the company's 10-year strategic plan that entails rapid expansion in emerging markets and global coverage.

A new state-of-the-art automotive component factory in Vinhedo, which will be operational by the end of this year, is a further mani-



Nigel Blakeway, acting representative of Omron Management Center of Latin America

festation of Omron's commitment to Brazil.

This commitment extends beyond industry. Omron has also helped sponsor the 18th annual Sao Paulo International Marathon.

"We were very proud to support Brazil's biggest marathon, an event that draws 20,000 participants each year," says Blakeway. "Through this event we hope to raise awareness in Brazil of the benefits and importance of home health management and regular exercise." ♦

www.omron.com.br

Japanese work ethic and Brazilian flair combine for an unbeatable team

At a glance, Brazil and Japan couldn't seem further apart from each other. Brazil is a dynamic and growing economy, whereas Japan is a developed business superpower. But a closer look at the history and current situation of Japanese investment in Brazil shows a tale of two economic cultures that have more likenesses than differences.

Many Japanese executives in Brazil such as Yoshihiko Yamamoto, who is the president-director of the insurance brokers Toyota Tsusho Corretora de Seguros, have found that it is in the joining of the cultures of Japan and Brazil — taking into account their people and attitudes toward business and life — that the true potential of two great nations can be achieved.

In 2008, Yamamoto arrived in Brazil to begin work at Toyota Tsusho. The company, now the insurance leader for Japanese companies in Brazil, was quite different when he

first arrived.

"When I came to Brazil, the quality level of our employees was just average," he recalls. "I made sure they learned the Japanese style of business and work. This, combined with their Brazilian ingenuity and progressive attitude, has been the biggest contributor to my company's growth here these past few years."

As an integral part of his strategy, Yamamoto added bilingual staff in order to offer better service for Japanese customers.

"Thirty percent of our employees speak both Portuguese and Japanese almost perfectly, and this is a unique offering we have; no other company offers this service," he says.

Under Yamamoto, Toyota Tsusho has experienced substantial growth. "When I arrived, we had only 30 clients," he recalls. "Today we have over 130."

"The name of Toyota is very well known, and it inspires confidence



Yoshihiko Yamamoto, president-director of Toyota Tsusho Corretora de Seguros

in our clients," Yamamoto adds. "I make sure to let my employees know that it is their duty to inspire this same confidence in each of our clients."

Toyota Tsusho Corretora de Seguros is aiming high in its adopted country.

"As we grow, we have continued to increase our knowhow and quality of service," he remarks. "I have confidence that we will become one of the largest names in insurance in Brazil." ♦

www.toyotatsusho.com.br

Four decades after, a vision remains strong

In 1972 Junnosuke Toda, the president of Toda Corp. (and now its honorary chairman at age 92), visited Brazil. Pondering the future of the Japanese construction group, he saw something in Brazil, which was then in the midst of a repressive military dictatorship. Toda exclaimed: "I want Toda to grow in this country."

Perhaps it was a vision of the possibilities that lay ahead for Brazil that guided his fateful decision to set up Construtora Toda do Brasil in Sao Paulo that same year. In 2012, on the 40th anniversary of the company's presence in the country, Brazil is already the sixth largest economy in the world.

Brazil's economy is now growing at a rate that is the envy of many of the world's developed nations, and 40 years of experience building factories, schools, malls, hospitals and office and residential buildings throughout the country have given Toda do Brasil a privileged role as a witness and participant in South America's largest country's remarkable economic development.

From the start the Brazilian company's strength was built on the robust base of a century-old Japanese contractor that helped build modern Japan. In fact Toda Corp. has been an international company ever since it

built its first overseas project: a pavilion at the 1910 Japan-British Exhibition in London.

Toda is a company that builds its foundations deep. In Brazil, Toda's Sao Paulo office is still located where it started, in the building that was its first local project 38 years ago. It looks like it could easily endure for another 38 years, the first of many testaments to Toda do Brasil's sterling reputation in the Brazilian construction sector.

"Our clients value us as a Brazilian company that hews to Japanese standards in such aspects as keeping to strict deadlines and comprehensive after-service once projects are finished," says Satoshi Mikami, its president. "We pride ourselves on that."

The Brazilian subsidiary's list of clients includes Japanese companies, Brazilian companies and multinationals ranging from Yakult, Toyota and Ajinomoto to Pirelli and Samsung.

In fact, shortly after he arrived to take over Toda do Brasil's top position in 2011, Mikami was approached by the local head of Denso and given a straightforward request: "I want you to build the best Denso factory in the world."

Toda took the challenge and it was finished in April this year.



Satoshi Mikami, president of Toda do Brasil

"They wanted the best result using the best technology available," Mikami recalls. "Again we've shown that Toda in Brazil, with our Japanese heritage and technology and Brazilian manpower and expertise, can produce world-class structures."

Out of about 250 personnel in Brazil, only five are Japanese expats, including Mikami.

"Here, we have the instruments, the equipment and the skilled manpower," he says.

Marking four decades this year will be just one more notch on Toda's distinguished corporate rolls. Mikami is ready to take Junnosuke Toda's 40-year-old vision of bringing together the best of Japan and Brazil and strengthen the synergy even more. ♦

www.toda.com.br

Dedication to innovation and progress

The Brazilian textile industry has had its ups and downs, but one company has persevered and grown with it since the start. The company has diversified with the years and is now celebrating 40 years of client trust based on innovation.

"In the 1970s we grew with a focus mainly on chemicals for textiles. Since then we have branched out and now deliver tailored solutions to a wide variety of other sectors, such as paint, coating and the wood/paper industry," says Brancotex co-founder and CEO Jairo Peixeiro Simoes Jr.

Brancotex was founded in 1971 by Peixeiro and his longtime friend, Adam Claudinei Cheli in Barueri, in Sao Paulo state. They had come from the same school and had moved to Sao Paulo to be trainees in chemical companies within the textile sector. It was during this time that they decided to establish Brancotex. The young friends dreamed of new innovations and solutions within the industry, and the first of many groundbreaking products were soon to emerge.

In 1975, Brancotex, now a member of ABIQUIM (Brazilian Chemical Industry Association), moved to a bigger location and started to develop a line of new products such

as pigments and additives for textile printing. It also developed compounds for textile printing to which the user only has to add water.

"Normally, the client would mix the compounds themselves, so there were often difficulties in the preparation of the pastes for the textile printing," Peixeiro explains. "We began to make the compounds with the exact amount of ingredients and distributed the compound so that the only item the customer had to add was water thanks to the ingenuity of our people at Brancotex. This ensured the same quality every time and helped us to have long-term, satisfied customers."

Brancotex continues to develop new products to adapt to changing conditions. In the 1990s, when Brazil's market was first opened internationally and competition became harder due to imports from Asia, the company started to follow an intense diversification strategy that has secured the continuing success of the company. Brancotex's line of products now includes paint pigments and additives for the paint industry in Brazil through collaborations with mainly Japanese suppliers.

Explaining how Brancotex is able to develop so rapidly, Peixeiro says: "We always listen very carefully to



Jairo Peixeiro Simoes Jr., CEO and co-founder of Brancotex

feedback from our customers, partners and sales personnel. We do this daily. Our people are highly skilled and they pay attention to market changes and customer demands. They are really our best sources of feedback." Such an exacting standard in personnel implies constant quality training. "We train our workforce conscientiously," explains Peixeiro. "They keep us updated and are a big part of developing our products and in turn educating other employees." He is also mindful of the part played by quality components in Brancotex's products.

"We are so very thankful for our Japanese suppliers. Without them our success would not have been possible. We look forward to many more years of close collaboration." ♦

www.brancotex.com.br

Building from a foundation of global innovation

Canon is one of the world's most prominent brands, synonymous with innovative technology in personal, home, lifestyle and office electronics. Its image in Brazil, where it has been established since 1974, is no different.

Canon Brazil is currently responsible for the national distribution of equipment and solutions in the printing, control and management of documents. It does these using specialized teams that care for small, medium and large businesses and resellers all over the country.

"We are the market leader in printers and copiers in the professional segment," says Jun Otsuka, the Brazilian subsidiary's president. "Copier and printing technology has changed from analog to digital, and Canon has been at the forefront of that technology wave. For example, variable data printing, color and contact proofing are more popular now because people save time and money from the old work flow of printing."

Applying this same innovation to Brazil's medical business, Canon is

palpably revolutionizing the country's medical sector.

"Our colored print is unbeatable and our print technology extremely precise," Otsuka explains. "Ten years ago, all hospitals still used X-ray film. Today, many of them have replaced this with our color printed paper."

The medical segment was a new area for Canon Brazil, and its products were hard to accept at first for the local market.

"Especially for complementary diagnostics, there was difficulty in getting doctors to change," he recounts. "But after some time, many realized that our color printed paper had the same level of tone and color management as X-ray film."

"The strength of Canon has always been our quality and innovation," Otsuka continues. "The process itself is more cost-effective and efficient compared to film."

Meanwhile, in Brazil's offices more and more companies are looking to increase efficiency and reduce costs, so print-managed services are becoming increasingly important. Canon Brazil



Canon's iImagePress C1+ is designed to provide high-quality print performance.

provides these services: assessing and analyzing the best printing options for each client.

Canon's innovation is extending all the way to its consumer clients in Brazil. The subsidiary recently announced that it would enhance its promotional efforts for its camera business in Brazil.

"One of our biggest tasks is the introduction of SLR (single-lens reflex) cameras into this market," Otsuka concludes. "As everyone knows, Brazil's middle class is growing."

An entirely new group of patrons will come face-to-face with the technological expertise of a global brand. ♦

www.canon.com.br

Precision component of a world-class Brazil

As the steady march of technological innovation continues in manufacturing industries, the demand for high precision components is no longer an option but a requirement. NHK Fastener do Brasil was established in 1977 specifically to provide Japanese electronic companies in the country such as Panasonic, Toshiba and Sharp — as well as Brazilian companies — with the highest quality standards in precision screw manufacturing. The company later expanded its market segment to cater to the motorcycle, automobile and auto parts industries.

"Brazil did not have the technology then to meet the strict requirements for these companies, so it was important for us to set up operations here and meet local demand," says Massanao Yamauchi, president-director of NHK Fastener do Brasil.

"Each screw we manufacture undergoes strict quality inspections. Our facilities and equipment are also well-maintained to help our people immediately detect any possible defects," he stresses.

Throughout the years, NHK Fastener do Brasil's product quality has become the benchmark in the industry, focusing on constant innovation, pristine quality and excellent service.

"We have a technological agreement with Topura," Yamauchi explains. "We invested in surface treatment equipment in 1995 to enhance appearance and avoid hydrogen cracks in our products. In 2005, we bought another facility to expand our production capacity. If our clients need help, our technicians are ready and able to go to their offices within 24 hours anytime and anywhere in Brazil. This is one of our strongest points."

NHK Fastener do Brasil also maintains a strong Japanese management tradition with its "hou-ren-sou" style (combining the concepts of "report," "inform" and "feedback") of communicating information clearly, checking for all opinions and advice before fix-



Massanao Yamauchi, president-director of NHK Fastener do Brasil

ing any problems with a device. Other effective Japanese techniques are implemented as well. "We employ a quality control circle ('kaizen') wherein, once a week for one hour, employees are divided into groups to brainstorm on possible ways to enhance quality and service and improve the efficiency of products. The group with the best ideas is then rewarded with an all-expenses-paid weekend trip anywhere in Brazil," he says.

There is clear communication within the entire production chain as Yamauchi also makes it a point to spend five minutes every morning sharing with his employees the different goals they must have to reach their objectives.

This relentless commitment has earned the respect and confidence of many of the company's longtime customers in Brazil.

Today, fully 70 percent of NHK Fastener's Brazilian business is directed at the automotive and motorcycle market, while the rest is focused on the electronics sector. "Many automotive and auto parts companies are coming to Brazil," says Yamauchi. "Our strategy is to supply this future demand. Our people have been training and preparing for the next few years and I am confident our sales will continue to increase." ♦

www.nhkfastener.com.br

Forty years later, still growing in Brazil

Next year, Yokogawa will celebrate 40 years of operations in Sao Paulo, Brazil and almost 100 years around the world. As a company, their goal is to contribute to society through broad-ranging activities in the areas of automation, measurement, control and information.

Since 2000 Yokogawa's South American headquarters has been located in Brazil with a commercial office in Tambore, Sao Paulo, and manufacturing center in Santo Amaro, Sao Paulo, and affiliates in South American countries such as Argentina, Chile, Colombia, Venezuela and Peru.

The Japan-based global instrumentation maker's special interest in Brazil goes back a long time. "Our founder, Tamisuke Yokogawa, considered Brazil a significant place," says Satoshi Yoshida, who heads Yokogawa Brazil. "As far back as 1953 it was his wish to set up a factory in Brazil. He wanted to contribute to this country's development by transferring technology and engineering skills from Japan."

In order for this development to be continuous, Yoshida brought to Brazil extensive experience from previously heading Yokogawa subsidiaries in Russia, China, South Korea and Thailand.

"I came here to do my best to consolidate and grow our operations," he says.

"Yokogawa is very focused on Brazil and South America in general because the market has significant growth and in the future this will be one of our most important markets," Yoshida says.

"We are currently preparing vigorously for the expected growth that should start later this year through



Satoshi Yoshida, CEO and president of Yokogawa America do Sul

expansions and optimization of our processes and workforce. Our purpose is to become a solutions partner to our customers," he says.

Though Yokogawa's instrumentation sector is mature — with limited room for growth — it is a tough competitor.

"We are No. 4 in the world," Yoshida points out. "Yokogawa adds value to our clients and their products, making them more competitive as well."

Yoshida is continuing in Yokogawa's tradition of focusing on the potentialities of a country as rich in human and mineral resources as Brazil. You can say he has inherited the company founder's passion for the country and its people, and he is already positioning the South American hub for increasing importance vis-à-vis its neighbors.

"I would like to grow our operations there in the coming years from our base in Brazil," he says.

A combination of Brazil's youth and energy coupled with the Yokogawa global group's experience and technological base would be the best possible verification of its founder's intuition more than half a century earlier. ♦

[www.yok](http://www.yokogawa.com.br)

World Eye Reports

Brazilian Coffee

www.worldeyereports.com

The gourmet zest in country's resurgent economy

Brazil is the archetypal coffee nation. Not only is Brazil the world's top coffee producer, it is also among the top three consumers worldwide of this most stimulating of beverages.

While people often joke that Americans take ketchup with every meal or that the French drink their wine like water, Brazilians truly have coffee running through their veins. One can hardly shop, dine, exercise, take the metro or even go for an afternoon stroll in Brazil without being offered coffee.

Coffee, the use of which dates back to the 15th century, was first brought to Brazil in 1727. According to one legend, the Brazilian soldier Lt. Col. Francisco de Mello Palheta was sent to settle a border dispute in neighboring French Guiana.

Arriving there, he caught the eye of the colony's first lady. Once the

dispute was settled, she gave him a gift of a bouquet of flowers at a state dinner. It was spiked with coffee plant saplings, which he took back home to start Brazil's first coffee plantation in the state of Para.

The saplings, fruits of a romantic relationship, grew to become Brazil's most beloved and renowned crop. Whatever the truth of the legend, it's a very Brazilian story.

Brazil's climate makes its coffee unique. Grown predominantly in the central Minas Gerais region, it acquires its characteristics from the ideal climate and terrain that abounds there.

Brazil's coffee industry has always been intricately tied to the overall wellbeing of the country's economy. Today, as the country enters a resurgent period of growth and prosperity, so is its coffee sector embarking on an era of specialization.

In 1990, the Brazilian coffee industry became deregulated from government control. This was the first of many steps that have raised the profile of Brazilian coffee among discerning consumers.

Since then, Brazilian growers have reached back to traditional techniques which favor taste development over magnitude of production, went overseas for new trends in coffee bean agriculture and turned to homegrown R&D in order to produce some of the most exciting coffees today.

"Brazil used to be known as a country of quantity over quality," recalls Nathan Herszkowicz, executive director of the Brazilian Coffee Industry Association (ABIC). "After deregulation, we began to have quality control screenings and compete in

global competitions in order to raise the standards of Brazilian coffee."

Nowadays, ABIC works with numerous associations and government organizations to further educate people working in the sector, as well as promote the sustainable cultivation of coffee and the health benefits that stem from coffee drinking.

BSCA promotes Brazilian specialty coffees worldwide, participating annually in global coffee meets such as those held by the specialty coffee associations in Japan, North America and Europe. In Japan the 9th annual conference and exhibition SCAJ 2012 will be held from Sept. 26 to 28 at Tokyo Big Sight, and will welcome a substantial Brazilian presence and the chance to sample and buy from the country's best coffee producers.

Many return year after year. "When I first visited Japan in 2005, I was afraid at first, but in a good way," recalls Jacques Pereira Cameiro, director and manager of Carmo Coffees. "With so much to learn and explore, it was intimidating. Then, most of our buyers were Japanese. In our visits with over 30 of them we realized that the family values and relationships found in my company are very well reflected and respected in our Japanese clients. At first I was surprised to find such a comfortable working relationship so far from home, but now I have come to cherish all the Japanese partnerships I have formed over the years."

"Coffee is the new wine," says Vanusia Nogueira, executive director of the Brazilian Specialty Coffee Association (BSCA). Japanese consumers, in particular, have been pioneers



Fazenda Passeio is located in a privileged region for fine coffee production in the southern part of Minas Gerais.

in treating coffee as a gourmet experience rather than a generic drink, and applying to it some of the same connoisseurship that has traditionally been accorded to wine.

"Japan is our most important market," says Nogueira. "We see the high regard for taste and quality that the Japanese demand as a welcome challenge for our producers to meet and expand upon."

"We were unsure of whether to attend the SCAJ exhibit in 2011," she recalls. "In light of the March 11 earthquake and tsunami that year, we were not sure if we wanted to go to Japan and try to sell them our coffee in their time of need. To our surprise, we sold our entire stock. In order to give back to Japan, we donated all of our profits to relief funds for the March 11 disaster."

Carmo Coffees, Monte Alegre

Coffees, Ipanema Coffees, Fazenda Passeio and Fazenda Bau are among the Brazilian coffee companies which have gained the trust and confidence of the Japanese specialty coffee community.

With upcoming global events such as the World Cup soccer tournament and the Olympic Games in Rio de Janeiro, Brazil is back in fashion. A giant country untouched by any major war and coming of age at a time of uncertainty in the global economy, its ubiquity in business as well as pop culture is marking it as the "it" country of this new decade. Without a doubt, its distinctive and exquisite coffees are contributing some of the most prominent bouquets in the explosion of energy and flavor that is Brazil today. ♦



Nathan Herszkowicz, executive director of the Brazilian Coffee Industry Association (ABIC)

Strong vision and passion for high-quality coffee in Brazil

Fazenda Bau was born from the strong vision and passion for high-quality specialty coffee of a Brazilian of Japanese descent, Tomio Fukuda.

Applying Japanese management philosophies such as "5S" (standardization and organization) and "kaizen" (continuous improvement) throughout its entire coffee production process, Fazenda Bau (from the Portuguese word plantation) has grown organically within the specialty coffee industry. It is now regarded as a sustainable and transparent company with a strong focus on quality and service.

Tomio Fukuda's auspicious start has taken root in a second generation of Fukudas who have assumed a stronger role in the company's expansion. It is now led by Tomio's son, Durval. The Fukudas grow their coffee on over 700 hectares of fertile land on Bau Farm in Lagoa Formosa in Minas Gerais, as well as on São João, Gigante and Vitória farms in the municipalities of Presidente Olegário and Patos de Minas in the same state.

"Japan is our most important market, with 90 percent of our coffee exported there. We also export to the U.S., Italy, Belgium, Sweden and Holland," says the junior Fukuda.

To cater to its customers' growing demands, Fazenda Bau constantly searches for new methods and technologies, investing in new machinery to improve their coffee



The Fukuda family in their coffee farm in Lagoa Formosa, Minas Gerais.

production and — more importantly — quality. "If you talk to 99 percent of farmers, they just buy the cheapest tractor," he says. "We are very different. We want to have the best quality with the highest volume. In order to achieve this, we need to get the best tractors."

Reaffirming its commitment to quality, Fazenda Bau

has also acquired certifications such as UTZ and the Sustainable Agriculture Network (SAN) Rainforest Alliance Certified seal.

"We follow the samurai philosophy," adds Fukuda senior. "In order to grow, we need to plan and execute. It's about taking the right risks to grow our fazenda."

The family has invested heavily in taking care of and training their employees. All of Bau Farm's employees live in neighboring communities. The company provides support for educational, health and cultural organizations. It has also developed the Selective Collection at School project, which is aimed at improving waste collection in nearby Monjolinho de Minas.

"Within management, there is clear communication with our trading partners and with our employees," the younger Fukuda says. "Everyone shares the same vision — our employees are like our extended family."

Today's Fazenda Bau, born of one man's stubborn quest for excellence in coffee, is fully Brazilian and yet also very Japanese in its concern for quality.

"Our family paid a visit to Japan recently and it was really overwhelming to get such positive feedback from our customers. They asked us to please stay with them. They believe in our philosophy and in our coffee," he concludes. ♦

www.fazendabau.com.br

ADVERTISING INFORMATION :

Minas Gerais keeps the investment door firmly open

The Brazilian state of Minas Gerais, the country's second most populous and its fourth largest in terms of territory, has been transformed into a model for other regions. Brazil's second most industrialized state is now a thriving focus of investment for both new and established companies in a range of sectors. In July 2012, S&P Assigned a BBB- rating to the state, making it investment grade.

In this respect, INDI Minas Gerais Investment Promotion Agency has taken the lead in becoming a strategic partner for investors and keeping the economic window into the state's booming economy wide open. In its 43 years of existence, INDI has been a key player in Minas Gerais' industrial and innovative progress. In fact, it currently maintains a portfolio of over 600 companies, including Cenibra, Fiat and Havaianas.

"For 2018, our goal for INDI is to become the best regional economic development agency in the world," says its president, Jose Frederico Alvares, born and raised in the state capital of Belo Horizonte. "It has been so exciting to see the great development that the state is going through," he remarks. "People here are very focused and passionate about the area's future."

INDI's role in the process of industrialization of Minas Gerais is to provide both investors and companies with insight into the region, as well as act as a partner opening the door to opportunities in the state. "We provide investors with the thorough knowledge, research and local partnerships they need," explains Alvares. "Ease of business is essential. We are one of the most developed and best managed states in Brazil because we offer a coordinated approach through an integrated development network of agencies, which includes INDI, the State Development Bank of Minas Gerais (BDMG) and other institutions."

The state also provides tax and legal incentives, environmental advice and a whole portfolio of support to investors. Institutions such as INDI also coordinate with all local partners in order to provide the adequate business environment for maximizing investments. "We have so many tools to attract companies, including PPP (public-private partnership) agreements that help provide ideal infrastructure for companies," Alvares adds. "What I think makes all the difference is our maintaining strong investor confidence in our state's institutions and government."



Cidade Administrativa de Minas Gerais – Oscar Niemeyer architect project

Located in the central-eastern part of Brazil, Minas Gerais is responsible for generating almost 10 percent of the country's total gross domestic product (GDP), third in the country after Rio de Janeiro and Sao Paulo. With 13 federal universities, labor skills are high and the state provides excellent engineers and technicians. Its strategic geographical position also means that goods can easily reach most of Brazil by road and rail from Minas Gerais.

"We are now focusing on the northern part of the state as it is the least developed area and holds vast resources to be explored," Alvares says, speaking of the next phase for INDI. "We are excited and optimistic about our projects and investments there. I urge all interested investors and companies to contact us."

Minas Gerais is the second largest producer of ethanol in Brazil; its biggest industries are sugar, energy, coffee and mining. Its proximity to Sao Paulo state and that region's Japanese-Brazilian community also means it has long had significant Japanese investment in the steel, mining, pulp and paper and machinery sectors. In fact INDI shares an extensive history and mutually advantageous relationship with leading Japanese companies in Brazil.

"Now we are seeing growing interest from Chinese companies in such industries as renewable energy, especially solar and wind," he comments. "This is something we wish to develop further. What we strive to do is to create the conditions that ensure a strong relationship for long-term profit" ♦

www.indi.mg.gov.br

PHOTO BY: LEO DRUMMOND

Protecting the crops that fuel Brazil's growth

"Brazil is a country prepared for growth. There are so many opportunities in this giant country, and it can become the most important one when it comes to feeding the world. To contribute and be an important party in making this become a reality is one of the reasons of Iharabras' existence," says Julio Borges Garcia, president of Iharabras, a leader in the Brazilian agricultural chemicals sector.

Iharabras is one of the country's most respected agrochemical companies, named one of the top 150 Brazilian companies in 2009. In fact, it currently holds seventh place in the national pesticide market.

"We have been growing more than we had previously predicted over the past five years," he comments. "In 2007, our sales totaled \$164 million. In 2011, we hit \$379 million. This year, I am anticipating growth of 30 percent and expect to reach a sales total of \$450 million. I believe Iharabras can be double its size within the next four years."

The policy behind Iharabras' growth is the company's commitment to delivering consistently high-quality and safe products.

"We are extremely ethical when it comes to decision making. Even when it does not make economic sense for us, our customers always come first. Our focus is on long-term relationships and becoming a more sustainable company. In fact, we have a strict policy of not selling our clients more than what is needed," says Borges.

"We represent Japanese chemical manufacturers in Brazil, and it is important for us to provide the high level of service, technology and products expected by our end users," he adds. Last year, the Japanese company Mitsui Chemicals Agro acquired a significant share-



Iharabras' office in Sorocaba

holding in Iharabras, in which the main shareholders are Nippon Soda, Kumiai Chemical and Sumitomo Corp.

The Japanese connection runs deep. A Japanese management system is at the core of the company's operations. "I believe the Japanese management system have empowered and inspired the Iharabras team and it has helped us to become what we are today," Borges explains. "We always analyze and celebrate our achievements from the previous year and immediately prepare to reach our succeeding goal."

The company is already a strong player in the cotton market, and it has before it a host of opportunities for growth in the Brazilian soybean, corn, sugar cane and coffee sectors.

In line with its ambitious growth goals, the company is also investing more in R&D activities to develop new products. "We've already launched three new products this year," Borges says. "We currently have 150 new people in the field to expand our activities, including the new agricultural areas in the northern part of Brazil. Our strategy is to be very close to our customers. We believe that growers still need assistance on how to use our products, and our sales teams are ready and able to meet their needs."

"We are excited and confident about the future of our business, and we look forward to expanding and growing with Brazil's agricultural industry," he concludes. ♦

www.ihara.com.br

IHARABRAS