The next 100 years

Stroll down a street in Sao Paulo’s Liberdade neighborhood and the signs of Japan’s strong influence on Brazil are everywhere. Japanese street signs guide visitors through the bustling marketplace, where they can purchase Japanese-language newspapers, hear passers-by speaking Japanese, or drop into any of the neighborhood markets for some fresh sushi and seaweed.

And Japan’s influence on Brazil does not stop at the tari-

ken-lined streets of Liberdade. Since the 1970s, the Japanese have long been influential figures in Brazilian society. Here, Shigeaki Ueki, Brazil’s ex-minister of mining and energy, and ex-CEO of Panasonic, fills up the first ethanol-powered car. Ueki helped establish the ethanol program in the mid-1970s.

The next 100 years...
Brazilian leadership and Japanese management philosophy guide Hiarabras

Since 1965, Hiarabras has retained one of Brazil’s leading producers of agricultural support products for crop protection in the form of herbicides, insecticides and fungicides. In those four decades, the company has grown to become the largest distributor of Japanese-developed molecules for the Brazilian agricultural market, and has set the standard for both traditional chemical and biotechnological development leaving many competitors behind.

In 2007, Hiarabras was acquired by the Brazilian agribusiness conglomerate Edgard F. Correa, who took control of it in late 2006. Since then, Hiarabras has continued its growth and expansion.

Local giant off to booming start in power sector

The 120-year-old REDE Group hopes to become Brazil’s leading power-generation, distribution and trading company through a multi-anticipated IPO scheduled within the next five years.

The planned share offering will finance further expansion of the group, which gained concessions in the central-west and north regions after the 2007 presidencial elections. This expansion means that the company will become the largest power-distributor in Brazil, with a current market share of 20 percent.

REDE Group CEO Evandro Carvalho Coura says the company has already achieved extraordinary results using the principles of Japanese management practices.

The company has doubled its gross profit in the last five years and continues to grow. In 2006, the company posted a net profit of R$800 million, up from R$400 million in 2005.

We are about clean energy. REDE understands that thermal energy production is necessary but it is not what we are interested in — Grupo REDE CEO Evandro Carvalho Coura

Toyota keeps its eye on Renewable Energy

Toyota has invested $1 billion to increase its share in the Brazilian and Argentine markets during the next decade. In April, Toyota announced the opening of the new production facility in Brazil and in September, the company launched its first Corolla Flex fuel vehicle.

We have decided to set up this production facility in Brazil because it is a country with a huge potential for the automotive industry, says Toyota President Shoichiro Toyoda. The top three automakers in Brazil — General Motors, Volkswagen and Fiat — each control more than 20 percent of the local car market, which is the third largest in the world, surpassed only by Russia and China.

Toyota expects to produce 2 million vehicles annually in Brazil, with approximately 2 million cars sold yearly.

When I arrived I was surprised by the size of the Brazilian market it is not as big as the European market, but I thought, Oh my goodness, he says. But it is very disappointing to see overall. The sales in China are only around 3.5 percent. I thought that Toyota could expand.

About 60 percent of Toyota’s sales in Brazil are Flex fuel vehicles, which are capable of running on either 100 percent ethanol or 100 percent gasoline. Up until now, Brazil has been the only country in the world where energy consumption is growing around 6 percent every year. REDE’s new bond offering and eventual public offering should ramp investor interest.

www.jetro.go.jp/brazil

The Japanese External Trade Organization in Sao Paulo promotes trade and investment between Japan and Brazil through the nation’s economic agenda, to fine-tune the relation in Brasilia, studies show that interest in Brazil from Japan’s private sector is growing.

The Japanese Chamber of Commerce and Industry in Brazil, founded in 1926, represents over 300 Japanese companies in the country. Its main objective is to encourage business and cultural exchange between its Japanese members and the Brazilian community.

Moreira & Associados Auditors, among the 15 biggest Brazilian firms in 2007, are responsible for examining the books for the Japanese government and the Brazilian government.

"I want to keep Toyota’s lead for high technology and we want to keep those connections and make the market here," says Shoichiro Toyoda. The Cordoba Flex and Corolla Fielder Flex, the first marketed models that are 100 percent biodiesel-compatible, are locally assembled and achieve performance that surpasses that of the 1.8-liter gasoline engines of the Cordoba and Corolla Fielder.

The new facility is expected to expand the company’s production capacity by 25 percent, bringing it to 2.5 million vehicles per year. The company is planning to add two additional production lines to its current facility in Sao Paulo, with an estimated production capacity of 200,000 vehicles per year.

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Brazilian motorcycle market in high gear for Yamaha

Yamaha do Brasil President Yutaka Kume

We started our operations in Guarujá 37 years ago and opened our production facilities in Manaus 22 years ago. But today our production lines are running at nearly full capacity.

"Ten years ago, the total market size was only 50,900 units sold by Yamaha," Kume says. "But we are growing steadily. In 2000, it was 1,258 million reais. Now it is 5,450 million reais. Today, the total market is estimated at about 1.85 million units. We sold 259,000 units in 2005 and 300,000 units in 2006. At the current rate, we are almost at 3.5 million units by the year 2010. For every 100 people in Brazil, nearly one Yamaha motorcycle per household is small, so there is more opportunity to increase sales. Yamaha is the most popular brand in Brazil, and the country faces some major challenges, which will result in mass production of motorcycles and mopeds.

"But the last three years have gotten Yamaha excited. The price of the best-selling motorcycle in Brazil is around 3,000 reais (around $2,730). This is a 125 cc model. Rolland Brasil sold 260,000 units of that model at a price of 12,000 reais (around $6,270). Since we introduced this model, the market size for this product doubled from 50,000 to 100,000 this year." Kume says: "Yamaha is also studying whether the five-hundred category can be applied to motorcycles produced in Brazil."

"This anniversary recognizes 20 years of Kakehashi's role in the Brazil market. It is quite attractive. There is great potential for expansion. We are very aware about Brazil and the world of Latin America. We would like to offer good products for Brazil and the other countries in the region, and offer other products worldwide," he says.

Roland strikes the right note in Brazil

Roland Brasil marked its 15th year in the country in 2006 as it tripled its revenue in the last five years and plans to enter the new digital broadcasting market. It has also distinguished itself as being the parent company's only joint venture in the high-growth BRIC countries (Brazil, Russia, India and China).

"To meet the demands of Brazil's incredible population and business leaders and the country faces some major challenges, which will result in mass production of motorcycles and mopeds," Kume says. "Yamaha is the most popular brand in Brazil, and the country faces some major challenges, which will result in mass production of motorcycles and mopeds."