

Floridian of the Year



Brazil brings real benefit to Florida

The country earns the title 'Floridian of the Year'

By Mike Vogel

In a year when Florida's economy continued to struggle, the most notable economic players were the Brazilian companies, visitors and entrepreneurs who stepped up their presence in the state — turning 2011 into a watershed year.

In November, local business and community leaders gathered in a sixth-floor meeting room at the Port of Palm Beach to celebrate a new arrival. Two Brazilian entrepreneurs had chosen the Riviera Beach port as the base for their new venture, America's Natural Caffeine, a caffeine supplier to manufacturers. It would occupy an unused building, turn out tons of caffeine a month and create 75 jobs paying an average of \$62,000, 40% above the county average. All told, the company would invest \$25 million, with nary a dollar in government incentive money.

Kelly Smallridge, president and CEO of the local economic development group, the Business Development Board, says she believes it to be the first sizable Brazilian business investment in Palm Beach County.

It's hardly a first for Florida. Indeed, 2011 became the year that cemented Brazil's importance to Florida. For the first time, Brazil surpassed the United Kingdom as the top source for overseas tourists. Brazilians played a key role in soaking up Miami's distressed real estate to the point that developers began new condo projects. Aircraft maker Embraer opened its first factory in the United States in Melbourne to make executive jets, and in December it opened a new customer care center there. Brazil, as it has been since 1998, was again Florida's top trade partner. Florida captures 22% of all U.S.-Brazil trade and runs a surplus, exporting \$13.8 billion to Brazil while importing just \$2.2 billion.

The relationship was underscored by Gov. Rick Scott when he made a trade visit there in October with 115 companies from Florida. Companies that participated say they expected more than \$95 million in export sales in the next 12 months thanks to the mission.

It was while Scott was in São Paulo that America's Natural Caffeine co-founder Luis Claudio Goldner announced the Riviera Beach deal. Caffeine, nearly all synthetically produced, is used in more than 20,000

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products in the cosmetics, beverage, chemical and pharmaceutical industries. Goldner says there's a market for caffeine derived naturally from Brazilian guarana fruit. He plans to ship guarana to the Palm Beach port, extract the caffeine and sell it to food and beverage companies and other firms.

Significantly, says Smallridge, Goldner's first investment in Florida was a second home he bought in Fort Lauderdale two years ago. "One of the ways to open their eyes is to get them here as a tourist first," Smallridge says of recruiting businesses.

If so, the pipeline is growing as Brazilians flock to Florida for second homes and rental property. "Culturally, it's similar because there's a Latin environment here," says Saulo Ferraz, a Miami banker and president of the Brazilian-American Chamber of Commerce of Florida. Brazilians — who speak Portuguese, not Spanish — make up 8% of foreign buyers of Florida homes, says the National Association of Realtors. (Canadians are first with 39%.)

A condo that costs \$600,000 to \$700,000 in Brazil might cost \$300,000 to \$400,000 in Miami. "Brazil is, of course, the big story," says Miami real estate broker Alicia Cervera. "Brazilians' love affair with Miami continues to grow. A lot came as kids with their parents." Indeed, Goldner's parents have had a second home in Florida for 30 years.

In selling condos for developers, Cervera furnishes models and common areas with furniture from Artefacto, a Brazilian manufacturer with a Coral Gables store. "No sooner do we furnish them than we sell them," Cervera says. The Saturday after BrickellHouse, a proposed 374-unit condo tower on Brickell Avenue, opened for sales in October, Cervera had a team in Brazil selling units, the first stop in her international outreach.

While Canada is by far Florida's largest market for non-U.S. visitors, the state has seen "astronomical" growth from Brazil, says Will Seccombe, chief marketing officer at Visit Florida, the state's tourism development arm. Brazil visitor numbers increased 50% in a year to just more than 1 million in 2010; their spending increased 78% to \$1.4 billion. Through the first three quarters of 2011, visitors from Brazil were up 41% to 1.1 million, eclipsing the United Kingdom as the lead country for overseas visitors for the first time.

Brazilian visitor numbers are all the more remarkable given that the United States doesn't waive the visa requirement for Brazilians as it does for residents of the U.K. and 35 other countries. To visit here, Brazilians have to apply more than 100 days in advance for a visa and travel to the U.S. embassy or the three U.S. consulates in Brazil for a personal interview. If Brazil were added to the visa waiver list, Brazilian tourism would increase significantly, Seccombe says.

Brazilian companies, meanwhile, find Florida ideal for testing the U.S. market. Such is the case for family-owned, fast-casual restaurant chain Giraffas, one of Brazil's largest chains with 350 stores. It opened its first U.S. store in July in North Miami. "Our target is not the Brazilian community. It's the general American population," says marketing director Carlos Vanegas.

The chain plans to invest \$25 million to build its U.S. footprint in the next few years with each restaurant costing \$600,000 to \$1 million to develop and employing 25 to 30. The restaurant features Brazilian grilled steaks such as the country's signature beef cut, the picanha, along with Brazilian burgers, farofa and — in

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keeping with immigrant influences on Brazilian cuisine — stroganoff and pasta.

Giraffas joins at least 40 Brazilian-owned concerns that Enterprise Florida counts here, including gunmaker Taurus in Miami, steel supplier Gerdau in several cities and Odebrecht, the conglomerate that has been a major contractor at Miami International Airport, builder of American Airlines Arena and is the private-sector partner in the proposed Airport City, a hotel, office, retail project at the Miami airport.

Since the mid-1990s, Brazil firms Citrosuco and Cutrale have controlled a sizable share of the Florida orange juice processing market through plants it bought here. And Florida-founded and Miami-based Burger King has been Brazilian owned since 2010, when 3G Capital acquired it for \$4 billion.

More recently, Brazilian investor BVCC bought a 105,000-sq.-ft. office building at the Boca Village Corporate Center for \$33 million and Millport Associates, a subsidiary of a Brazilian industrial conglomerate, signed on to lease 25,000 square feet in the Miramar Park of Commerce for its first facility in the U.S. to manufacture structural panels for the construction industry.

Though the lion's share of Brazil's influence is felt in south Florida and Orlando, other parts of the state have benefited. Callaway, in the Panhandle, will see 300 new jobs in coming years thanks to Eastern Shipbuilding Group's deal announced in 2011 to build five ships for Boldini, a Brazilian company active in that nation's offshore oil industry.

The Brazilian financial sector is expanding here, too. The Burmaian family, active in various businesses in Brazil, including banking, is among the players through its Coral Gables-based Sunstate Bank, a three-branch community bank with \$170 million in assets. Banco do Brasil, a large government-owned bank that long has had an agency in Miami, has proposed buying EuroBank in Miami to reach U.S. customers. Another bank, Banrisul, in 2011 decided to close its New York branch in favor of opening a new foreign agency branch in Miami.

Ferraz says the Brazilian-American chamber receives three to five inquiries a month from Brazilians interested in doing business in Florida. And, as evidenced by the Brazilian flags flying outside businesses in Pompano Beach in Broward or other Brazilian enclaves in Florida, there are a host of smaller enterprises owned by some of the estimated 300,000 Brazilian immigrants in Florida.

How Brazil investment and spending in Florida grows depends, of course, on the Brazilian economy and the exchange rate with the real. The nation has weathered the global economic crisis better than many, and the Organization for Economic Development and Cooperation projects its growth pace will remain well ahead of other developed countries, though slowing to under 4%, below Brazil's 4.5% trend line. The nation's economy will be stimulated as it prepares for and hosts the World Cup in 2014 and the Summer Olympic Games in 2016.

Goldner expects his caffeine plant to stimulate Palm Beach County. The United States is his largest market, and he wanted a U.S. factory so that it would be easily accessible to customers and to the U.S. Food and Drug Administration. "We felt a very warm welcoming to us," Goldner told the leaders in Riviera Beach. "We look forward to working with you and to grow the economy as much as possible."