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Brazilian agricultural export promotion experience
to advance agricultural trade: legal, regulatory and
operational frameworks and impact assessment

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1. Introduction

This report examines the current situation of the international promotion of agricultural products in Brazil. The primary focus of this paper is on the organizations within the Brazilian Federal Government and on how each of them acts with regard to the different aspects and stages of international promotion.

The study starts with a general overview of the country's economy and the determinants of the international promotion of its agricultural products. The first section discusses the importance of international markets to Brazilian agriculture and the principles behind the country's food export policies. The main actors are named subsequently, with a presentation of the resources on which each of them rely. Additionally, there is a section on how the programmes are financed within the different entities.

Following the overview, there is a section describing the organization of the international promotion of agricultural products in Brazil. The detailed structures of the relevant public and private institutions are presented, with a detailed analysis of the relationships between the main actors.

The third section focuses on how the main public organizations in the country promote exports. Each agency's policies are described through the different stages of international promotion: raising awareness, building export readiness, selecting target markets and participating companies, identifying opportunities for marketable products, and closing export deals.

Finally, there is an assessment of each actor's export promotion practices for the international promotion of Brazilian agricultural products. The

preferred methods of evaluation used are presented, as is the internal and external use that is made of the data generated.

2. Overview

In challenging times for the Brazilian economy, agricultural exports play a vital role in guaranteeing a strong flow of currency for the country's trade balance. In 2014, Brazilian agricultural exports amounted to US\$ 83 billion, after peaking at US\$ 87 billion in 2013^a. With imports at around US\$ 12 billion²¹, agriculture is the force that has helped to maintain a positive trade balance in Brazil in all but one of the years after 2007²⁴.

Although this success story can be attributed to many factors, including investments in technology and natural advantages, the role played by international promotion has grown increasingly stronger, especially in the last decade. The international promotion of Brazilian agriculture comprises a variety of players, both public and private, promoting Brazilian agribusiness products in almost all of the more than 200 markets where they can be found.

a. Importance of international markets

Since the turn of the 21st century, the Brazilian economy has experienced steady demand-driven growth, supported by a cash transfer programme from the Federal Government that has resulted in poverty reduction and an expansion of the middle class. As a result, there was a solid increase in the consumption of basic goods, including Brazilian agriculture products¹⁸.

^a See Annex II.

Enjoying the benefits of a large and growing national economy meant that most Brazilian agricultural production was directed to domestic markets, rather than exports. As a result, even though Brazil is either the largest or the second largest exporter of beef, chicken, coffee, maize, orange juice, soybeans and sugar²⁸, the majority of the country's agricultural production is sold and consumed within its borders²¹.

b. Orientation of export food promotion policy

Brazil prides itself on having one of the most liberal agricultural policies of any of the major global players. There are no financial mechanisms or subsidies aimed at encouraging farmers or traders to sell their products internationally. Conversely, the government does not place any restrictions or hindrances on exports, agricultural or otherwise, based on their level of processing and there are no limits or taxes on commodities exports. Each individual agent decides what to export and what to sell on the domestic market, based solely on market factors.

There is a national concern on what is considered a *reprimarization*^b of Brazilian exports. From 2000 to 2014, the share of agricultural products in national exports rose from 24 percent to 32 percent^{16, 24}. The Brazilian industrial sector lost much of its international competitiveness during the 2005 to 2014 period, when the Brazilian Real appreciated against the US dollar. This

^b The Brazilian tradition of exporting commodities dates from before its independence. From the 1930s onwards, the national government sponsored a process of state-induced industrialization, changing the profile not only of the national economy, but also of its exports, in which industrialized products gained importance¹⁶. In the early 1990s, the Brazilian economy went through a process of liberalization, opening the domestic market to international competition. These changes caused a relative decrease in the export of goods with higher value added and an increase in the share of primary or basic products, in a phenomenon called *reprimarization*. From 1997 to 2014, the share of basic goods in Brazilian exports rose from 29 percent to 55 percent^{14, 17}.

combination of factors brought attention to the need to promote exports with higher value added.

Appropriately, the Brazilian Government and the private sector agencies that are involved in the international promotional of agricultural products, have looked to promote the export of foodstuffs with a relatively higher aggregated value. Although most Brazilian agricultural production sold abroad is grain, international promotion efforts tend to focus on meat, dairy and processed foods. These are industries that create a relatively high number of jobs and that add value to agricultural raw materials.

c. Primary agencies

Four government agencies are key players in the international promotion of Brazilian agricultural products: the Ministry of Agriculture, Livestock and Food Supply, the Ministry of External Relations, the Ministry of Agrarian Development and the Brazilian Trade and Investment Promotion Agency (Apex-Brasil), affiliated to the Ministry of Development, Industry and Foreign Trade. These four organizations are highly cooperative, and they often carry out actions in partnership with two or more bodies.

d. Co-financing policy

The financing policy for the international promotion of Brazilian agricultural products varies widely depending on the the different actors involved. There are differences not only in how each agency is funded, but also on how individual projects are paid for.

The Ministry of Agriculture, the Ministry of External Relations, the Ministry of Agrarian Development and the Ministry of Development, Industry and Foreign Trade are fully funded by the Brazilian Government. All the actions promoted by the ministries are paid directly to the contractors involved, with resources sent through the Ministry of External Relations for events that are held abroad. Participating companies and industry associations are not charged. Unless otherwise noted, all the events in which any of the four ministries participate is fully funded by the Brazilian Government.

Nevertheless, at their own discretion and after informal agreements with the appropriate public authorities, associations can hire services on top of the basic facilities offered by the government. On the rare occasions then this happens, public and private budgets and legal formalities are completely separated.

Resources are allocated to each ministry based on requests made in previous years, showing usage and predicted spending. In the ministries of External Relations, Agriculture and Agrarian Development, international promotion makes up only a very small share of each ministry's overall budget, and yet resources can be redirected to other areas once they reach the ministries.

The Brazilian Trade and Investment Promotion Agency (Apex-Brasil) operates differently from the ministries. Its budget is also funded by the Federal Government, through the Ministry of Development, Industry and Foreign Trade, to which it is affiliated, but, in contrast to the public organizations, it can have access to other funds through agreements and contracts with entities, organizations and companies⁵. The hybrid nature of Apex-Brasil allows it to be

slightly more flexible in the use of its budget, as it is not subject to all the regulations that apply to public entities.

In individual projects, there is nearly always some level of financial partnership between the Ministries of Agriculture, Agrarian Development and External Relations. When events for the promotion of agricultural products abroad are funded by one of the two agricultural ministries, the Ministry of External Relations usually covers some of the costs.

Occasionally, the Ministry of Agriculture partners with industry associations. This can happen simply to share the costs of a project or to allow for additional flexibility beyond that of a public institution, such as paying for specialized services covering last minute expenses at a trade show. When sharing costs, the Ministry pays for the basic event and the private sector directly offers the extra features, avoiding the bureaucracy involved in a formal cooperative partnership.

The Ministry of Agrarian Development also relies on financial partnerships for some of its projects. Since it is the agency that works with co-operatives and small-scale and family farming enterprises, it often partially funds its projects with financial resources from international organizations, such as the Food and Agriculture Organization of the United Nations (FAO). Cooperation allows for occasionally covering the personal costs of individual exhibitors in international trade shows.

Participation in international promotion projects from the Ministries of Agriculture, Agrarian Development or External Relations is always free of charge for the companies involved. As there are often more firms trying to take part than there are positions to be filled in the projects, the ministries have

established criteria that they use to pick the best candidates. The projects are open to any Brazilian company, and often to international companies exclusively selling Brazilian products. Even when ministerial funds are added to by those of an industry association, there is no requirement to be a member of said body in order to participate, nor does the private organization get to choose who is selected.

Differently from the ministries, Apex-Brasil can and does charge companies that take part in its projects. The price is set according to the size of the company and which services they contract within the trade mission. There are variations, for instance, such as the size of a stand in a collective pavilion or the choice of hiring an Apex-Brasil-endorsed consultant for the local market⁴.

e. Resources

The Department of International Promotion in the Ministry of Agriculture has around twelve employees that provide business intelligence and other services. Overseas, the Ministry counts on eight agricultural attachés^c, each dedicated to all matters concerning Brazilian agriculture in their respective countries. Although agricultural attachés are mostly focused on issues regarding animal and plant health, they provide a valuable asset when commercial promotion activities take place in their countries.

In the Ministry of Agrarian Development, international promotion is part of the Minister's Advisory Office for International Affairs and Trade

^c Brazilian Agricultural Attachés are stationed in the following diplomatic posts: Buenos Aires, Argentina; Washington, the United States; Brussels, the European Union; Geneva, World Trade Organization and other Economic Organizations in Geneva; Moscow, Russia; Beijing, China; Tokyo, Japan; and Pretoria, South Africa.

Promotion. It has two employees that are dedicated to promoting products from co-operatives and small-scale and family farmers on international markets.

Apex-Brasil is larger than the trade promotion sectors of all three ministries combined, with around 350 employees in Brazil and nine offices abroad^{6, d}.

The Ministry of External Relations has a staff of 30 people dedicated to commercial promotion at its headquarters in Brasilia, but commands 104 Trade Promotion Sectors in Brazilian embassies and consulates worldwide.

It is important to note that, while the figures for the Ministries of Agriculture and Agrarian Development refer only to the commercial promotion of agricultural products, the numbers for the Ministry of External Relations and Apex-Brasil include trade and investment promotion for all Brazilian products and services.

f. Online resources

In 2012, the Brazilian Government launched the *Trade and Investment Guide – Invest & Export Brazil*. The guide is published online and aims to consolidate data on topics such as new business partners, diversification of the export agenda and attraction of foreign investment to Brazil. The resource is an example of the country's main actors in the international promotion of agricultural products operating together. The project was jointly created and is run by the Ministry of External Relations, the Ministry of Agriculture, the Ministry of Development, Industry and Foreign Trade, and Apex-Brasil. There are

^d Offices can have national or regional coverage: Dubai, Middle East; Luanda, Angola; Havana, Cuba; San Francisco and Miami, the United States; Bogotá, Colombia; Brussels, Europe; and Moscow, Eurasia⁶.

versions in Portuguese, English and Spanish, with content that is specific to national and international audiences¹¹.

Another online resource on international promotion is *Brazilian Exporters*^e, a Government initiative to directly promote Brazilian products in international markets. The project is also supported by a partnership between the Ministry of External Relations, the Ministry of Agriculture, the Ministry of Development, Industry and Foreign Trade, and Apex-Brasil. Differently from *Invest & Export Brazil*, which is focused on providing information, the *Brazilian Exporters* website allows foreign companies to directly connect with Brazilian businesses. Currently, there are over 30,000 companies included in the database, which is updated monthly. Foreign importers interested in doing business with Brazilian partners can access the *Virtual Showroom* and send their proposals directly to the participating companies through the form available on the website¹³.

3. Organization of Promotion

a. Structure

In charge of issues ranging from animal and plant health to crop insurance, the Ministry of Agriculture established a Department of International Promotion, within the Secretariat of Agribusiness International Relations in 2005. The commercial intelligence unit provides the foundation for the Department's work, and its most regular activity in commercial promotion is the organization of international trade missions. The Department takes Brazilian companies to trade

^e In Portuguese, *Vitrine do Exportador*, meaning *Exporter's Shop Window*.

shows and to one-on-one meetings with handpicked foreign buyers, usually in partnership with the Ministry of External Relations.

On a strategic level, there is an effort to promote the image of Brazilian agribusiness abroad, projecting Brazilian agricultural production as safe, sustainable and reliable, in actions tailored to meet the specific demands of international partners. Domestically, there are policies designed to increase farmers' and agroindustrial companies' access to international markets.

The Ministry of External Relations plays an important role in the international promotion of Brazilian agriculture through the Trade and Investment Promotion Department, in Brasilia, and the Trade Promotion Sections in more than one hundred embassies and consulates throughout the world. The Department organizes and implements policies for promoting Brazilian exports, and holds events promoting the country and its productive and technological capacity. The Trade Promotion Sections collect and disseminate information on trade and investment opportunities, elaborate market research, support domestic enterprises in search of new markets and businesses, and assist Brazilian companies participating in trade missions and promotional events.

In addition to setting its own agenda and directly organizing the participation of Brazilian companies in trade missions abroad, the Ministry of External Relations supports the international projects of other entities within the Brazilian Government, including other ministries, states and municipalities. For activities that promote agricultural products abroad that are carried out by the Ministry of Agriculture and the Ministry of Agrarian Development, the Ministry of External Relations provides full support at all stages of the event: from

transferring financial resources abroad to engaging with the local press to attract attention to the project.

As the government ministry specifically dedicated to small scale, co-operative and family farming and land reform, the Ministry of Agrarian Development participates in the international promotion of these agricultural products. The Office for International Affairs and Trade Promotion organizes the participation of small scale and family farmers and co-operatives in international trade shows, and promotes the image and brand of Brazilian family farming worldwide.

Apex-Brasil works to promote Brazilian products and services abroad, and to attract foreign investment to strategic sectors of the Brazilian economy. In the promotion of agricultural products, the agency works along four lines: market intelligence, entrepreneurial training, internationalisation strategies, and business and image promotion. Due to its partly private nature, the agency usually works through sector associations, even though the scope of participating companies is not limited to the members of said associations⁶.

Apex-Brasil is by far the largest and most comprehensive entity in international promotion in Brazil. The agency carries out a wide range of interconnected activities aimed at promoting exports and adding value to Brazilian products and services abroad. The agency's actions encompass important services including trade missions, business meetings and trade shows, as other entities do, and yet Apex-Brasil reaches further, having a regular portfolio of activities that the ministries can only afford as yearly or one-off events, or cannot afford at all.

Although the agency promotes the Brazilian economy in general, agribusiness is a priority for Apex-Brasil and is always present in its most ambitious projects. The agency sponsors large-scale events, including *Formula Indy*, in North America, and *Carnaval*, in Rio de Janeiro, bringing selected importers and investors, with agricultural products as part of the portfolio. Apex-Brasil invites and covers the costs of participation for selected importers and investors from abroad. In the days preceding and following the entertainment activity, agendas around the image and trade promotion events are carried out, including visits to industrial facilities and business roundtables⁶.

Apex-Brasil is the primary entity in charge of projecting Brazil's image worldwide. Projects are based on a set of strategic actions seeking to strengthen Brazil's position as a major player on the global arena, using major international events as a promotional platform for the country's image. The work of Apex-Brasil is carried out in coordination with the actions of institutional partners, aligned to a common strategy for international promotion. Actions to promote Brazil's image are held in major international events such as: the Brazil Pavilion at the Universal Exhibition, the World Cup and the Olympic Games⁶.

On a more limited scale, but of valuable support for its target audience, *Trading Companies in Action* is a project supporting industry associations and institutional partners to export through trading companies. The final goal is to strengthen the global presence of medium and small companies in the early stages of the internationalisation process⁶.

In order to be able to undertake its wide range of projects, Apex-Brasil joins forces with a variety of partners. Work is carried out in so-called sectoral projects, developed in partnership with industry associations that aim to

foster competitiveness and promote the creation of international business opportunities in many productive areas of the Brazilian economy, including agriculture. Apex-Brasil sets the strategy jointly with the industry associations, based on five-year plans to promote each sector and its products on the international stage, with the associations responsible for the execution of individual actions⁵.

b. Objectives and principles

Although international promotion focuses on selling specific products on foreign markets, in publicly funded actions there is the additional goal of projecting a positive image of the Brazilian economy. There are three main pillars of the image-building efforts for Brazilian agriculture: sustainability, food safety and reliability of supply.

On sustainability, there is an effort to show the preservation of the Amazon rainforest and the no-tillage system used for grain production, which improves soil fertility, makes soils more resilient and sequesters carbon through storage in organic matter. With regard to food safety, Brazil promotes the quality of its agricultural inspection services, particularly the fact that locally produced meat is exported to some 150 markets worldwide¹², a number Brazil uses as a testament to the quality and safety of its products. In a world where the number of calories consumed globally is set to more than double between 2005/2007 and 2050^f, Brazil projects the image of a reliable source of growth in agricultural production. The country promotes its ability to be a trustworthy food provider in the context of ever-growing global demand¹.

^f Author's calculations based on data from *Alexandratos et. Bruinsma* (2012).

These three pillars are not equally valued in the different markets that are the targets of international promotion efforts. Food safety is of general interest, but sustainability and reliability of supply are not as universally valued. There is no fixed pattern, but the general rule is that the richer, Western countries are more interested in Brazilian sustainability credentials, while emerging markets are keener to know how Brazil is capable of meeting their growing demands in the years to come. The country's image promotion efforts take into account national preferences, as measured by market research, and tailor actions focusing on the specific concerns of each market.

c. Other governmental departments and agencies

Although the ministries of Agriculture, Agrarian Development and External Relations and Apex-Brasil play the leading roles in the international promotion of Brazilian agricultural products, there are other public actors that have limited roles in this area.

The Ministry of Development, Industry and Foreign Trade (MDIC) is the government branch to which Apex-Brasil is affiliated. Since the creation of Apex-Brasil in 2003, it has taken much of the Ministry's responsibility for international promotion. Nevertheless, MDIC still plays an important role in the preparatory stages of the internationalisation of Brazilian products. On occasion, when international missions are negotiating trade agreements, business rounds between Brazilian and local companies are also promoted.

The Brazilian Federation is comprised of 26 states, 5,570 municipalities and the Federal District. Many states and several larger municipalities have made some effort to promote agricultural products

internationally. The structures are often within the Secretariats of Economic Development and their nature varies widely from one entity to another. Regional authorities usually work closely with the Federal Government to raise awareness of international markets, build export capacity within local companies, and foster the presence of these companies in international events promoted by the Federal Government.

One of the most important examples of local agencies comes from the state of Minas Gerais, Brazil's second-largest state in terms of population⁹ and third-largest in terms of gross domestic product^h. Exportaminas is the executive agency in charge of promoting products and services from Minas Gerais abroad, and works to support the participation of local companies in trade shows, market research and trade missions²⁷.

d. Industry associations

Brazil's agricultural private sector is very active internationally, with every relevant industry boasting a sectoral association, and occasionally an exporters' association. In particular, the meat and dairy industries boast a number of entities with international presence, the most relevant of which are mentioned below.

The Brazilian Confederation of Agriculture and Livestock (CNA) is a representative of the Brazilian rural sector and the interests of the country's farmers. The Confederation engages in occasional efforts at international promotion, notably focused on image promotion, especially in the Chinese market. In line with the rest of the industry, CNA's message highlights Brazilian

⁹ Population of 20.8 million inhabitants, as estimated for 2015²⁰.

^h GDP of approximately US\$ 200 billion in 2013¹⁹.

agricultural best practices based on three pillars: sustainability, food safety and food security¹⁵.

The Brazilian Association of Meat Exporters (ABIEC) is the key player in the beef industry⁷. The Brazilian Association of Animal Protein (ABPA) was recently created to represent the agro-industrial chains of poultry, eggs and pork⁹. In the dairy sector, which is much smaller than the meat sector, the largest association is Viva Lácteos, which also brought together organizations that are more limited in scope²⁹. For honey and other bee products – an industry that is modest in comparison with meat or even dairy – there is the Brazilian Association of Honey Exporters (Abemel)⁸.

The associations mentioned above work with Apex-Brasil, through so-called Integrated Sectorial Projects. This partnership encompasses joint strategic planning for each sector, including target markets. The associations are in charge of implementation, and the Agency exercises a supervisory role⁶.

e. Relations among the main actors

The four main actors involved in the international promotion of Brazilian agricultural products are part of the country's Federal Government. The Ministry of External Relations, the Ministry of Agriculture and the Ministry of Agrarian Development are autonomous entities, answering only to the President of Brazil.

Counting on the expertise and international nature of the Ministry of External Relations, both the Ministry of Agriculture and the Ministry of Agrarian Development operate in partnership with its Trade and Investment Promotion Department for all their international actions. Each year, both ministries sign a

document called the Decentralised Implementation Term with the Ministry of External Relations. The document formalizes cooperation between the ministries and details all the money that the ministry plans to send abroad in the coming year, which is occasionally complemented by the Ministry of External Relations.

Apex-Brasil, although formally affiliated with the Ministry of Development, Industry and Foreign Trade, is an operationally independent agency. Apex-Brasil cooperates with export promotion agencies through its Deliberative Council, which is headed by the Ministry of Development, Industry and Foreign Trade. Of the nine remaining seats in the council, three are part of this study: the Ministry of External Relations, the Ministry of Agriculture and the Brazilian Confederation of Agriculture and Livestock – the last two were included on the Council in April 2015³. The inclusion of agricultural sector representatives on the Council is too recent to draw conclusions regarding their impact.

Other than the links mentioned above, the main actors cooperate in an informal setting. There are occasional meetings between the different teams several times per year, when studies and plans are presented and joint actions are planned. Nevertheless, such encounters do not result in formal decisions. Even when joint actions take place, each entity deals with its role individually, in order to avoid the labour intensive formalization required in an official cooperation agreement.

4. Export Promotion Delivery Vehicles

a. Raising awareness

Most of the main promoters of Brazilian agriculture employ some initiatives to raise the awareness of local agents of the opportunities in international markets. These projects focus on the far-flung locations where the goods are produced, rather than the global cities where most international promotion usually takes place. In a country twice as large as the European Union, with regional differences that match that of any continent, this is no small challenge.

One of the most successful international initiatives of the Ministry of Agriculture in the last decade is the Agribusiness Seminar for Exporting (AgroEx), a daylong seminar, held in all regions of the country that aims to alert the local public to international market opportunities. The target audience includes farmers, unions, associations, cooperatives, agroindustry, distributors and agribusiness institutions.

There is an effort to have lecturers work as national focal points for the public once the seminar is over, in order to cover a wide range of relevant areas in foreign trade. The main topics discussed are the opportunities and challenges of Brazilian agribusiness, the contractual integration of productive chains, paths for export, necessary documents and certificates and success stories. The seminar is also used to promote forthcoming international trade missions that are organized by the Ministry of Agriculture for a specialized public.

The Ministry of Development, Industry and Foreign Trade (MDIC) sponsors the National Plan of Export Culture (PNCE)², an initiative within the Greater Brazil Planⁱ, that seeks to diversify Brazilian exports and expand the country's participation in international trade. Launched in 2012, the project

ⁱ The Greater Brazil Plan is a programme combining the industrial, technological and foreign trade policies of the Brazilian government for 2011 to 2014².

comprises activities aimed at spreading export culture to different Brazilian states through mobilisation and training of public officials, small and medium-sized business owners and foreign trade professionals²⁵.

To meet local demands, the partner institutions and MDIC plan and coordinate activities with state governments for the transfer of knowledge in foreign trade. Additionally, the Greater Brazil Plan enhances existing capacity-building initiatives offered by the partners to support the specific objectives of the National Plan of Export Culture²⁵, namely: promotion of state policies aligned to the national strategy to develop the export culture, increase the export base and internationalize Brazilian production chains.

As part of its comprehensive activities, Apex-Brasil also pays attention to raising export-awareness within the Brazilian entrepreneurial community. Exporting is Innovating Seminars aim to present to Brazilian companies the export promotion work carried out by Apex-Brasil and how companies can access the services offered by the Agency⁶. Focus Market Seminars are directed to local entrepreneurs in several Brazilian cities, presenting selected target countries. In these meetings, Apex-Brasil presents research, analysis and case studies on the target market and offers individual consultation to participating companies⁶.

b. Building export readiness

As an advanced level for specialists that had already attended AgroEx, the Ministry of Agriculture offers the Programme on Integrating for Export (AgroInt). AgroInt aims to further explore the issues presented in AgroEx and consolidate the culture of contractual integration through the links of agribusiness

productive chains, training the private sector on export procedures and developing incubator projects. The projects fostering integrated production in potentially exporting companies articulate and coordinate public and private agents, educational and research institutions and the productive sector. The programme is intended for exporters, potential exporters and institutions supporting agribusiness²².

The National Network Project of Foreign Trade Agents (Redeagentes) is the result of a partnership between the Ministry of Development, Industry and Foreign Trade, the Ministry of Labour and Social Security^j and the National Industrial Apprenticeship Service, with support from Apex-Brasil. The main objective of the project is to develop export capabilities and advise small businesses on export-related procedures²⁶.

Free training is given for capacity building to foreign trade agents, small business owners and educators. The agents, after training, are integrated into Redeagentes, an Internet-based network. From this network, they provide guidance to the small-scale business community on issues regarding international commerce. Also through this network, information on foreign trade is formed, covering all Brazilian states and around 400 of its municipalities²⁰.

Developed by Apex-Brasil, the Extension Project for Industrial Exporting (PEIEx) is a publicly funded policy designed to strengthen the Brazilian export base. PEIEx works to stimulate competitiveness and promote the export culture in selected industries, expanding the capabilities of companies starting to explore international markets. Through industrial extension, Apex-Brasil fosters the engagement of companies in efforts to build a shared development strategy,

^j Until October 2015, Ministry of Labour and Employment (MTE).

with inputs from business and support institutions, governmental and non-governmental organizations, and universities and technology centres, in order to raise the standard of competitiveness in the private sector. Different from one-off events promoted by other organizations, PEIEx takes companies through the many stages of capacity-building, in a process that can take up to a year. The project is conducted through a network of technical experts that assist companies in identifying critical issues and implementing improvements related to management, marketing, finance and other topics. PEIEx work ranges from the deployment of management solutions to actions relating to information and access to markets and it takes place in areas where there is industrial concentration. PEIEx offers companies a structural analysis in order to provide solutions that impact their competitive performance, while pointing out medium and long-term changes that need to be undertaken in order to improve competitiveness⁶

c. Selecting target markets

In an environment of fast changing consumer habits and newly emerging world powers, timely and reliable information plays a vital role in choosing where to locate the limited capacity of international promotion available in the Brazilian Government.

Business intelligence is a strategic tool for planning the international activities of the Ministry of Agriculture. Information is generated in a system called Agrostat, which has been gathering official data since 1997 and allows statistics to be accessed through various parameters, including country, economic block, geographical region, origin and destination, state, ports, and others. In addition

to statistical analysis, internal communication between the Department of International Promotion and the Department of Non-Tariff Barriers ensures there is also permanent attention paid to new markets that are opened to Brazilian products after the conclusion of sanitary and phytosanitary agreements.

An analysis of the Brazilian trade balance is published monthly by the Ministry of Agriculture as a way to steer market assessments and decision making by exporters and importers. Every year, the Ministry's commercial intelligence unit elaborates, publishes and distributes the Agribusiness Commercial Exchange, a guide that analyzes trade flows between Brazil and the 30 most important markets for Brazilian agricultural exports globally.

The Ministry of External Relations has provided business intelligence on international trade dating far before the existence of Apex-Brasil or the efforts of the Ministry of Agriculture on the matter. There is a dedicated team of diplomats and economists based in Brasilia, with additional studies contracted, domestically or abroad, on specific markets and sectors. The efforts of the Ministry of External Relations on business intelligence cover every aspect related to Brazilian export potential, expansion, operating conditions in external markets, barriers to Brazilian exports and studies related to investment attraction.

Apex-Brasil also counts on commercial intelligence to select the focus of its projects. The Target Markets Prioritization Service aims to identify international markets offering the best opportunities for the sectors Apex-Brasil supports. The findings of the service are obtained through an analysis of trade flows, macroeconomic data and qualitative information such as market trends, reflecting the perceptions of business people and experts⁶.

Although commercial intelligence is the main tool for deciding on a new project, much of the decisions, in terms of priority markets within the different ministries, are taken at their highest levels. Ministers are duly informed on the relevant intelligence analysis, but their decision is also shaped by domestic and international politics and by their own perceptions of international markets.

Furthermore, most of the policies carried out by the Brazilian Government are recurring actions, whose starting point dates to several years ago. More than most other public policies, international promotion is strongly influenced by path dependence, which is when present decisions are limited by past actions, even after original circumstances may have changed. For commercial promotion, the importance of long term, periodic actions is more obvious than in other areas, thus benefiting from what can occasionally be a weakness in decision making by public organizations.

It is important to note that while organizations often have priority markets, there is no special funding or exceptional support for selected countries.

d. Selecting participating companies

When organizing an international promotion activity with a limited number of participant companies, there is an effort throughout the public agencies to make the selection process as fair and transparent as possible. The event is announced publically, followed by an application period, selection and the publishing of results.

Apex-Brasil is the most objective of the agencies: each company is given a score according to a number of factors, ranging from export-readiness to

punctuality in payments from previous events⁴. The enrolled companies are then ranked according to their score and given preference to participate in the activity⁴.

For the Ministry of External Relations, the Ministry of Agriculture and the Ministry of Agrarian Development, there are other criteria playing equally important roles. On top of export readiness and performance on previous events, there is much consideration given to the variety of different sectors participating in any given activity and to the social impact generated by the different businesses. On those grounds, co-operatives and industry associations are given strong preference at every event to which they apply.

e. Identifying opportunities for marketable products

The Brazilian Government counts on a network of 104 Trade Promotion Sectors in embassies and consulates, nine Apex-Brasil offices, eight agricultural attachés and countless local partners worldwide. They are in direct contact with the local business landscape where they are based.

Through this network, additional market opportunities abroad are identified and the entities in Brasilia respond with fresh actions for the new target market. This global presence also allows the public sector to establish close relations with the largest food importers worldwide. These companies provide information on local market trends that is disseminated through the Brazilian Government and industry associations.

f. Closing export deals

No officer working on international promotion for the Brazilian Government has a mandate to represent private companies. Their role is to

merely present information on companies and sectors and invite potential international partners to take part in events where this information is promoted. The public agencies do not participate, mediate or require detailed information on specific business negotiations and transactions, nor especially endorse any Brazilian company or product over others.

It is common for foreign companies to contact Brazilian authorities, either in trade missions or in the Trade Promotion Sectors of embassies and consulates, in order to look for potential business partners for specific products. Whenever there is a mission in place, all efforts are made to direct the client to a member of the group present with the delegation.

After official visits and trade shows, local businesspeople often contact Brazilian authorities looking for a specific company they met. In these situations, the ministries put the intended partners in contact. Conversely, when the buyers look for a product rather than a company, they are given the details of the relevant industry associations. This practice allows for the broadest possible range of options for the buyer and avoids benefitting one company over any others.

After the Brazilian companies and the potential international buyer are in contact, the Brazilian Government no longer participates in their relations.

5. Methods of Evaluation of Export Promotion Practices

The similarities in the work of the different actors within the Brazilian international promotion community is seldom more evident than in the evaluation of their efforts. There is no tradition of *ex-post* evaluation. The agencies rely

heavily on surveys handed out at the end of each activity, which do not vary much across different organizations. The results are not made available to the public and are mostly for internal use. The questions centre on the amount of business generated and on satisfaction with the event, with the Brazilian participation, staff, and focus audience.

Although different organizations value different criteria, the greatest attention is given to the estimated value generated by the activity, usually within the twelve-month period following the event. This is especially true in relation to trade shows and business rounds, in which there is the expectation that companies are ready to export. Whenever there is an export estimate related to a specific event, an effort is made by the relevant departments to showcase international promotion efforts within the government on the basis of return on investment. The estimated value generated in each event is usually also present in the press releases following each activity.

For export readiness events, the figures are more fragile. There are few indicators to measure, as participation in these events is only the first step on a long path of internationalisation, and export estimates are nonexistent. Apart from user satisfaction regarding the different aspects of the event, there is an emphasis on attendance figures in each activity to gauge effectiveness.

6. Final Remarks

The combination of a domestic political and economic crisis with the perspective of the Federal Reserve of the United States returning its interest rates to positive figures led to a depreciation of the Brazilian Real, which lost 32 percent

of its value against the US dollar in 2015¹⁰. With the national currency once again at historic levels, after a decade of overvaluation, the future brings challenges and opportunities for the international promotion of the country's agricultural products.

Difficult times often bring strict budget cuts, and international promotion is often seen as superfluous spending compared to other demands. Furthermore, the depreciation in the national currency makes the cost of previously budgeted actions unexpectedly prohibitive.

On the positive side, the present economic situation has made international markets more attractive to Brazilian farmers and industrialists. Agricultural products either are commodities or are heavily influenced by commodities' international prices, which are set in foreign currencies. A currency devaluation immediately makes Brazilian products more competitive in foreign markets and international prices more attractive to producers previously uninterested in exporting. This has been further intensified by the apparent stabilization of domestic demand for agricultural products, following years of growth in demand for such products.

Although Brazil is set to grow its agricultural trade surpluses in the next decades²³, the organization of the Federal Government's international promotion system for agricultural products could benefit from reform. The country needs a central organization in charge of international promotion. Brazil enjoys a strong international presence, but it still needs a comprehensive strategy on nation branding.

In theory, this role could be played by Apex-Brasil, but the Agency lacks the political power to impose its decisions on the different ministries. A

closer relationship between Apex-Brasil and the ministries involved in international promotion may increase the legitimacy of the Agency's centralizing role within the Brazilian Government, attenuating this problem. Working more closely together, Apex-Brasil and the different ministries can merge their many concurrent programmes and pool their strengths, providing a more strategy-oriented and more effective service for the Brazilian business community.

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