



# Business Climate Survey Brazil 2022

São Paulo, Brazil  
June 2022

TEAM  
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# Background

- Swedish companies have been present in Brazil for more than a hundred years. Even though Brazil can be a challenging market, new Swedish companies keep on setting up operations in the country while long-established corporations continue to invest. Employing ~40 000 people, they are active in sectors such as telecom, transport, machinery, defense, healthcare, services, mining and more.
- This year's report is the third edition within the global collaboration between the Swedish International Chambers of Commerce and Business Sweden. A collaboration that in 2022 facilitates for a global comparison of 22 markets from all continents, this in addition to the local market results among Swedish enterprises in Brazil.
- The objective of these reports is to provide a better understanding and some good insights on how the current business climate and development around the world is perceived by leading Swedish companies. The reports will serve as a comparison tool for Swedish companies with plans to further invest in their current business or expand into new markets.
- This year, the Business Climate Survey collected answers from 53 Swedish companies in Brazil, across various sizes and industries, which was on similar number of companies as in 2021.
- The survey was performed between the 7<sup>th</sup> and the 27<sup>th</sup> of April.
- Team Sweden in Brazil, consisting of the Embassy and Consulates, Business Sweden and Swedcham, works to promote Sweden, the Swedish industry and Swedish economic interests in Brazil. The commitment and close cooperation between the Team Sweden partners help to better position and grow Sweden in Brazil through various activities and programs, out of which the annual Business Climate Survey is a good example of a joint activity.

# Key Takeaways: Brazil Business Climate Survey 2022



84% of Swedish companies in Brazil were profitable during 2021, an even better result than the 76% observed in 2019, before the COVID-19 pandemic



With the recovery of economic activity in Brazil, 77% of companies expect to grow turnover in 2022 and 71% expect to increase local investments



The business climate in Brazil is perceived as positive by 45%, the best result in the series. Contributors include the pandemic slowdown, the expectation on tax reforms and new FDI



Taxes, bureaucracy and regulatory issues remain the main challenges that companies face when doing business in Brazil. At least one third of the companies encountered such trade barriers during last year.



Very few companies came across corruption or human rights violations during 2021. Environmental awareness is growing rapidly in Brazil and Swedish companies are taking real action to promote it.

## Business Climate Survey Brazil 2022

- Swedish Business in Brazil
- Brazil Business Climate
- Challenges and How Swedish Companies Succeed in Brazil
- Acting Sustainably

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## Key Takeaways: Swedish Business in Brazil



53 Swedish companies took part in the survey, most with a leading position within their category



The great majority of respondents (72%) have more than 1 000 employees globally, with varying sizes of operations in Brazil



Most respondents are industrial companies in sectors such as automotive, machinery, healthcare and mining, besides business services

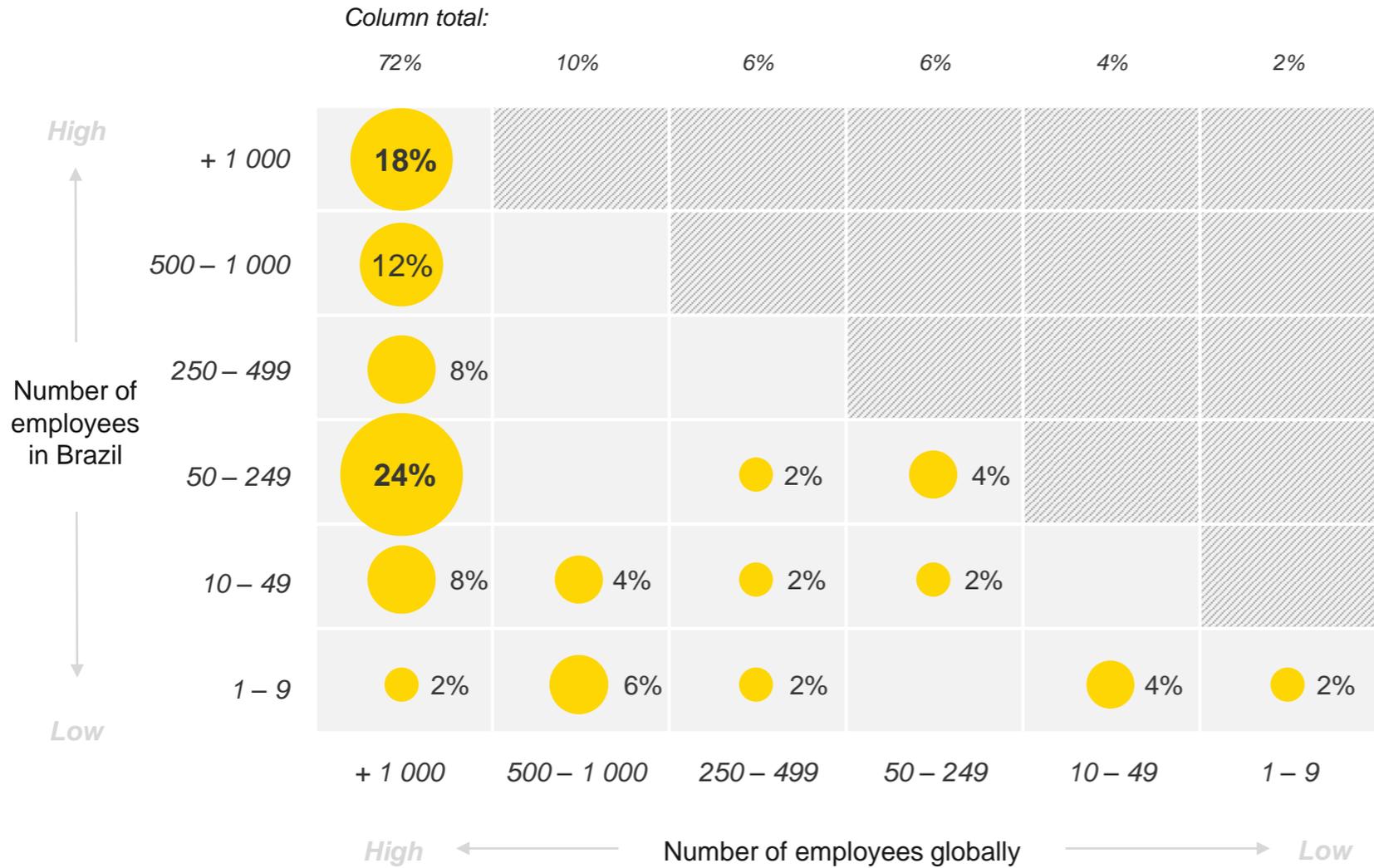


More than half of the respondents were established in Brazil prior to 2000, and some for more than a century



# Size: 72% of the respondents have more than 1 000 employees globally and 30% have more than 500 employees in Brazil

Question 1: Please estimate: (a.) the global and (b.) the local number of full-time employees in your company in 2022



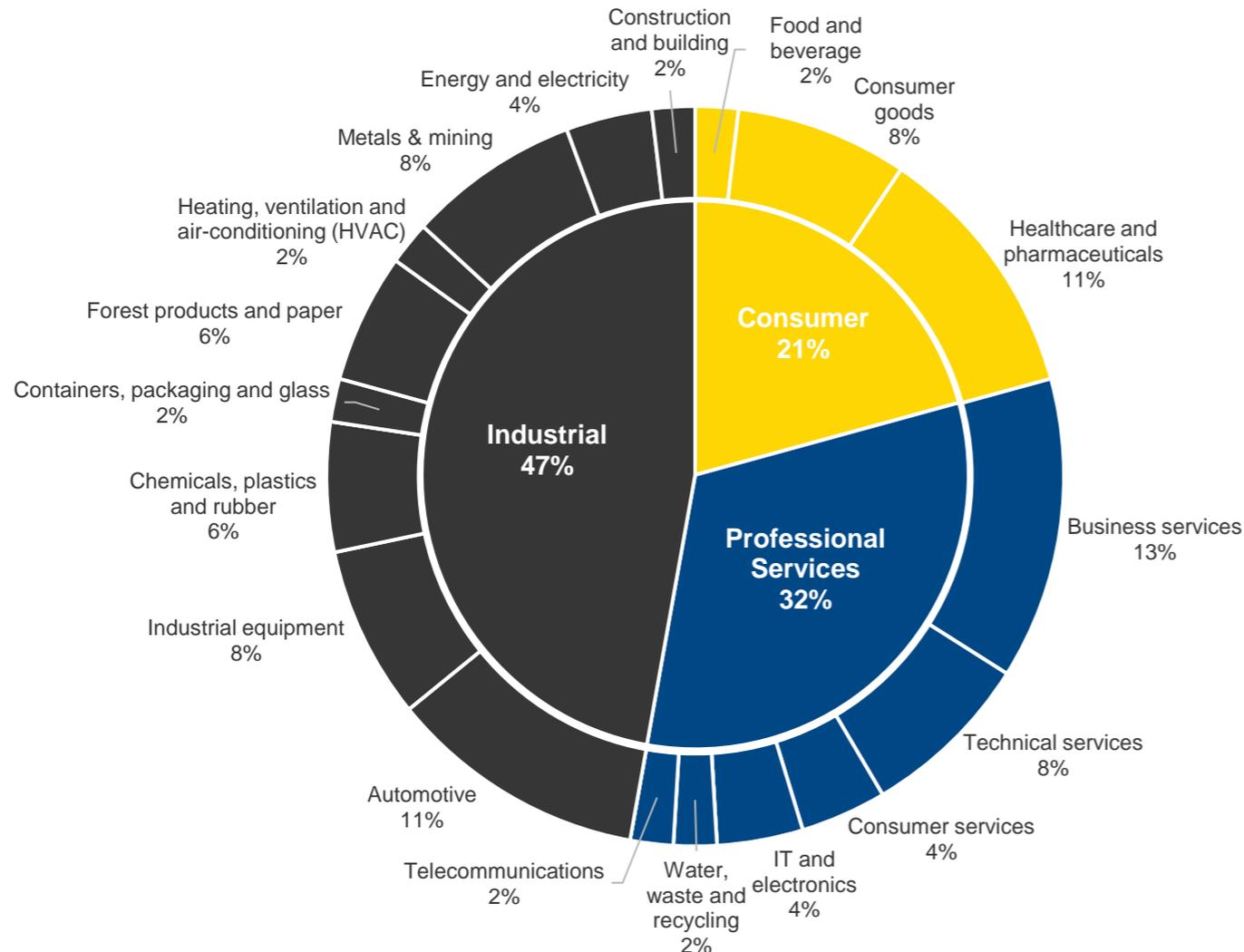
- 72% of the Swedish companies participating in this survey have more than 1 000 employees globally. Another 10% have between 500 and 1 000.
- 30% of the respondents have 500 or more employees in Brazil, including industrial companies and providers of specialized services. Another 38% have between 50 and 499 and the remaining 32% have smaller operations in the country, with less than 50 employees.
- A few respondents have less than 50 employees globally and in Brazil, representing small service providers.

Note: responses Don't know/Not applicable were excluded from this analysis. Based on responses by 51 companies.



# Industrial companies still represent the backbone of Swedish business in Brazil, but the number of service providers has grown recently

Question 2: What is your company's main industry in Brazil?



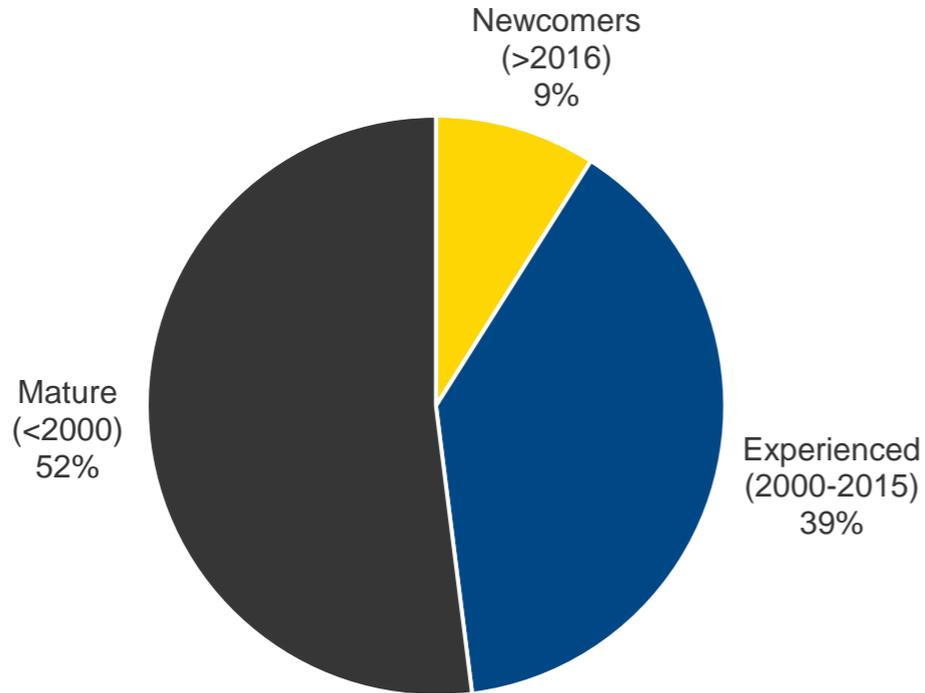
- 47% belong to pure industrial segments, composing the core of Swedish business in Brazil. Main segments are automotive, metals & mining and industrial equipment.
- However, since the beginning of the 21<sup>st</sup> century, Swedish service providers – digital or not – have turned into a relevant share of Swedish business in Brazil, being focused on either technical, consumer or business services.
- Apart from healthcare & pharmaceutical companies, which own manufacturing operations in Brazil, consumer goods companies represent a small share of Swedish firms present in Brazil.

Note: Other/Not Applicable answers were reclassified to the companies' closest business areas for the analysis of this question.



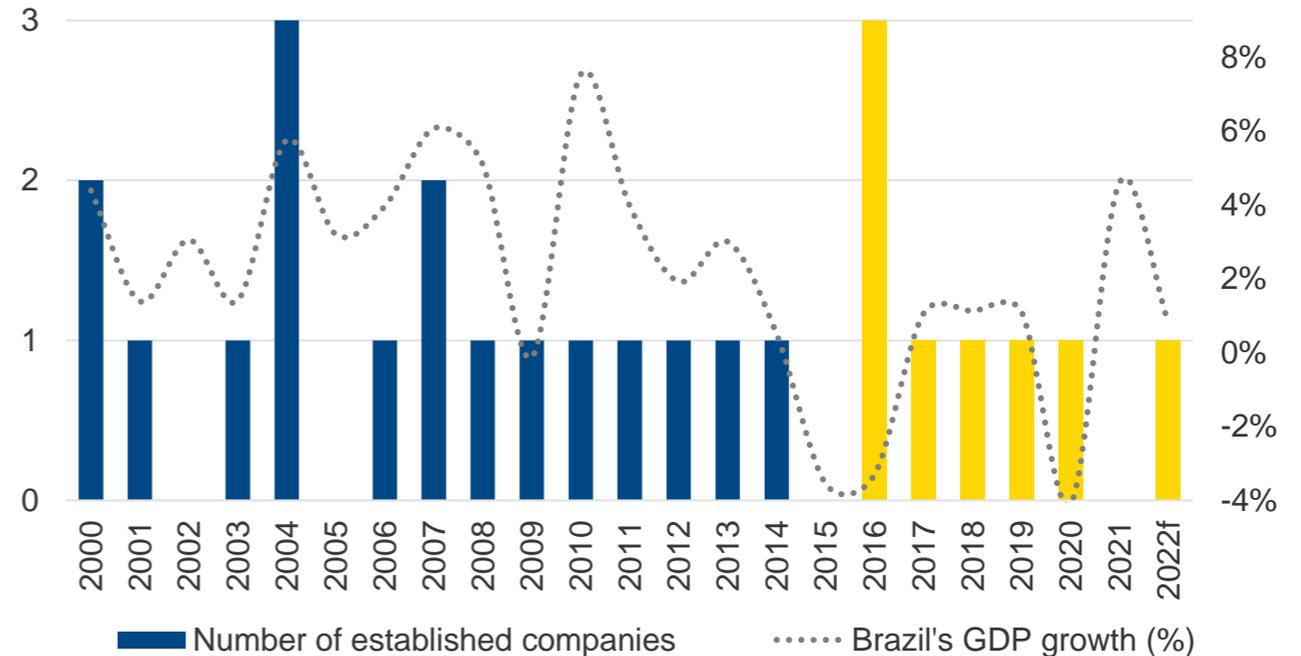
# Age: Half of the companies have been in Brazil for more than 20 years

Question 3: In what year did your company establish operations in Brazil?



- Mature companies, established before 2000, are composed mainly by large manufacturers which operate nearly 90 industrial plants and assembly units in Brazil.
- Newcomers, established after 2016, represent not only digital companies and service providers, but also a few industrial companies.

### Swedish companies established after 2000 and GDP growth\*



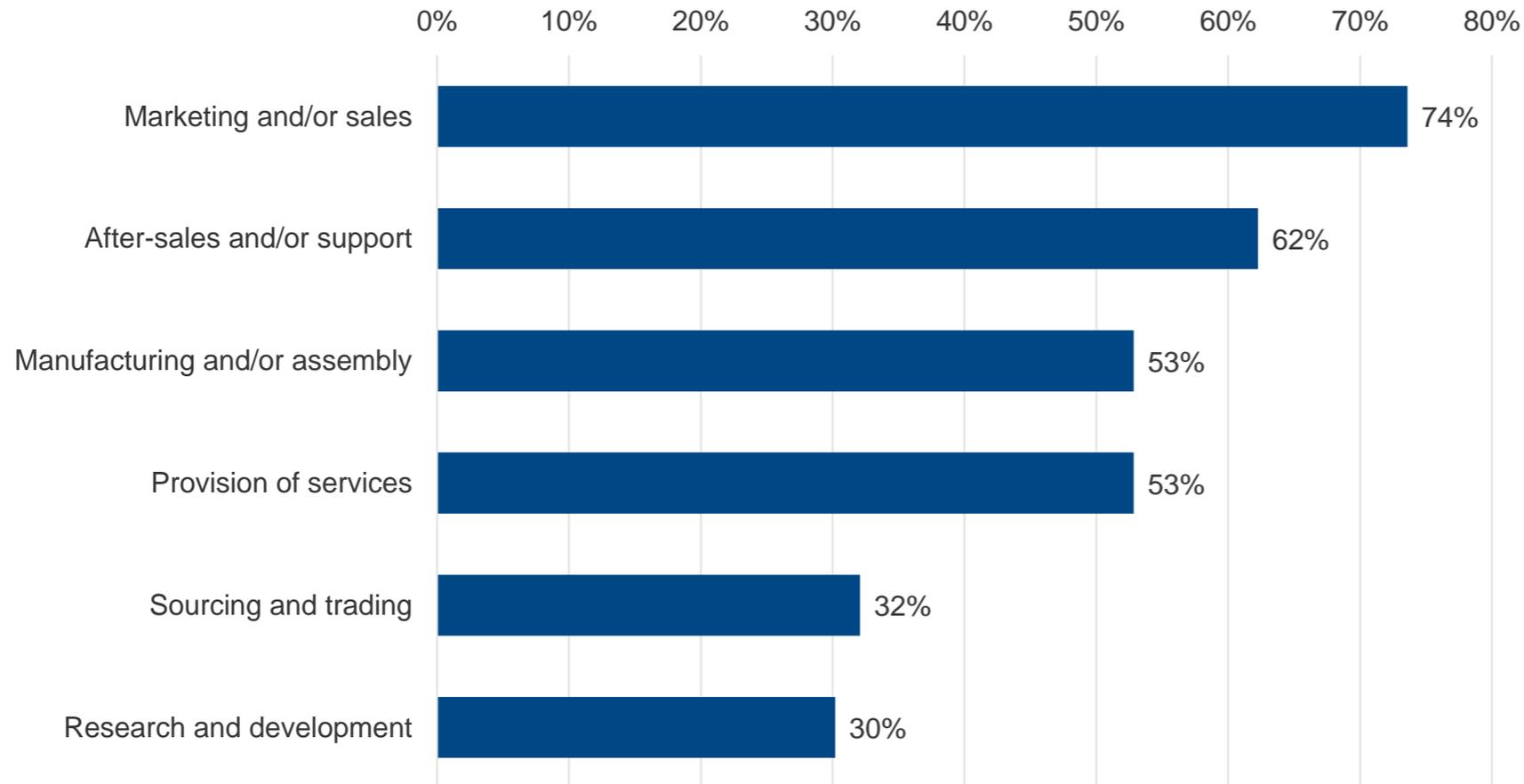
- The establishment of companies was almost linear during Brazil's main growth period, from 2006 to 2013.
- Swedish companies resumed their expansion plans into Brazil after the worst of the 2014-2017 recession was passed and continued to invest even during the recent COVID-19 pandemic years.

\* Note: regarding 2022 respondents only (excludes Don't know/Not applicable answers). Brazil 2022 GDP growth forecast by IMF (0.8%).



# Half of the companies have production in Brazil, and almost a third drives R&D activities locally

Question 4: What operations do you carry out in Brazil?



- 53% of the respondents have manufacturing or assembly operations in Brazil, proving that local production is still a key strategy for accessing the Brazilian market for many companies.
- The number of respondents who conduct local R&D operations grew from 24% last year to 30%.
- Categories “provision of services” and “sourcing and trading” also grew in 2022 in number of respondents, which may indicate an intensification of local operations by some industrial companies. International tensions with the Russian-Ukrainian war may be stimulating the nearshoring of supply chains by international companies.

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## Key Takeaways: Brazil Business Climate



84% of the companies were profitable in 2021, while only 6% presented losses – a better result than in the previous year



Swedish companies are optimistic about the business climate in Brazil (45%), the most positive result in the series (2016-2022)



Companies expecting to grow in 2022 are fewer (77%), but the ones expecting to invest are now more (71%)

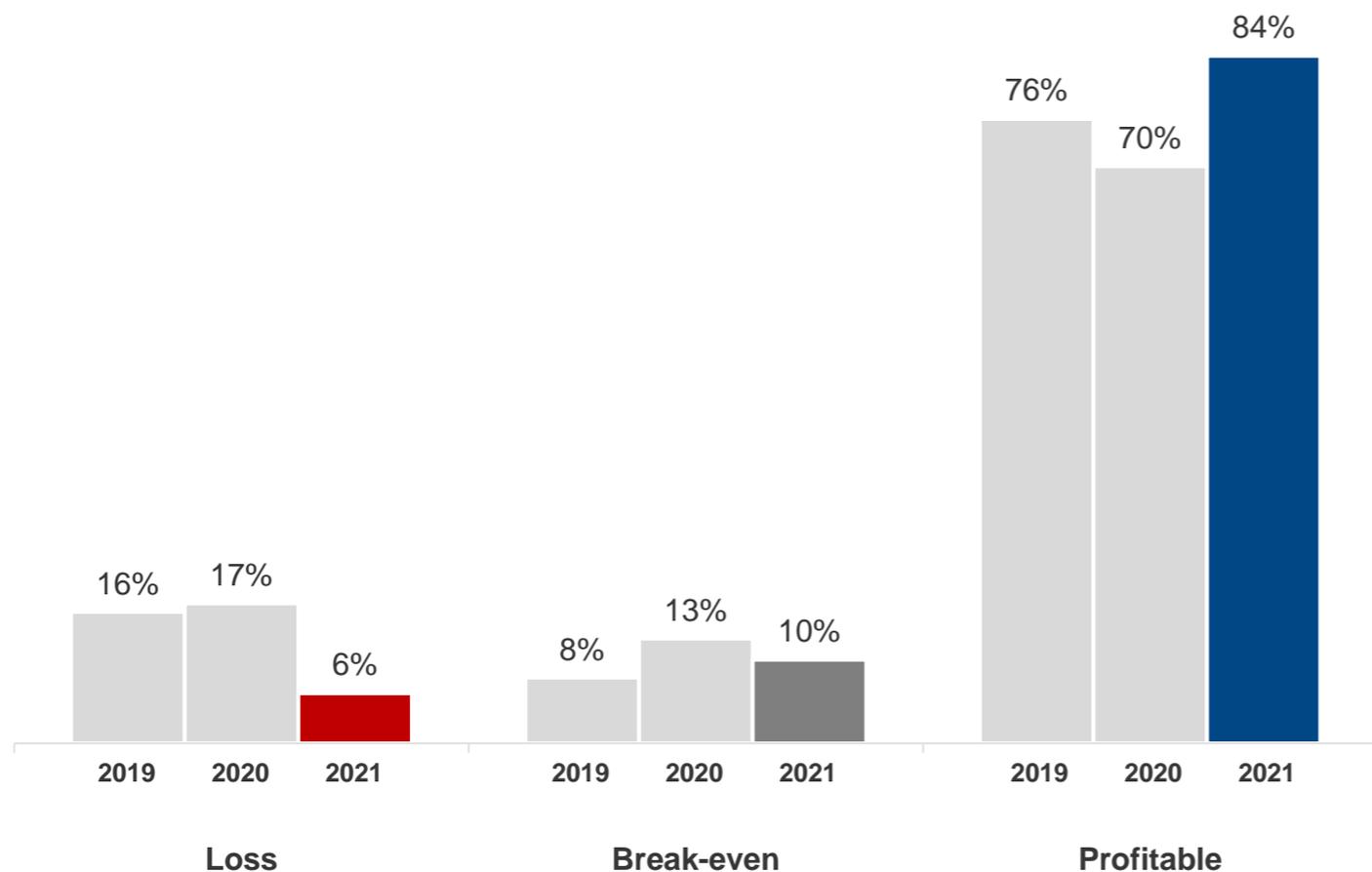


Brazil grew 4.6% in 2021 following the global trend; however, the forecasted growth for 2022 is only 1,5 – 2,0%.



## 84% of the Swedish companies were profitable in 2021 surpassing levels seen before the pandemic, while Brazil's GDP grew 4.6%

Question 5: How would you describe your company's financial performance in Brazil in 2021?

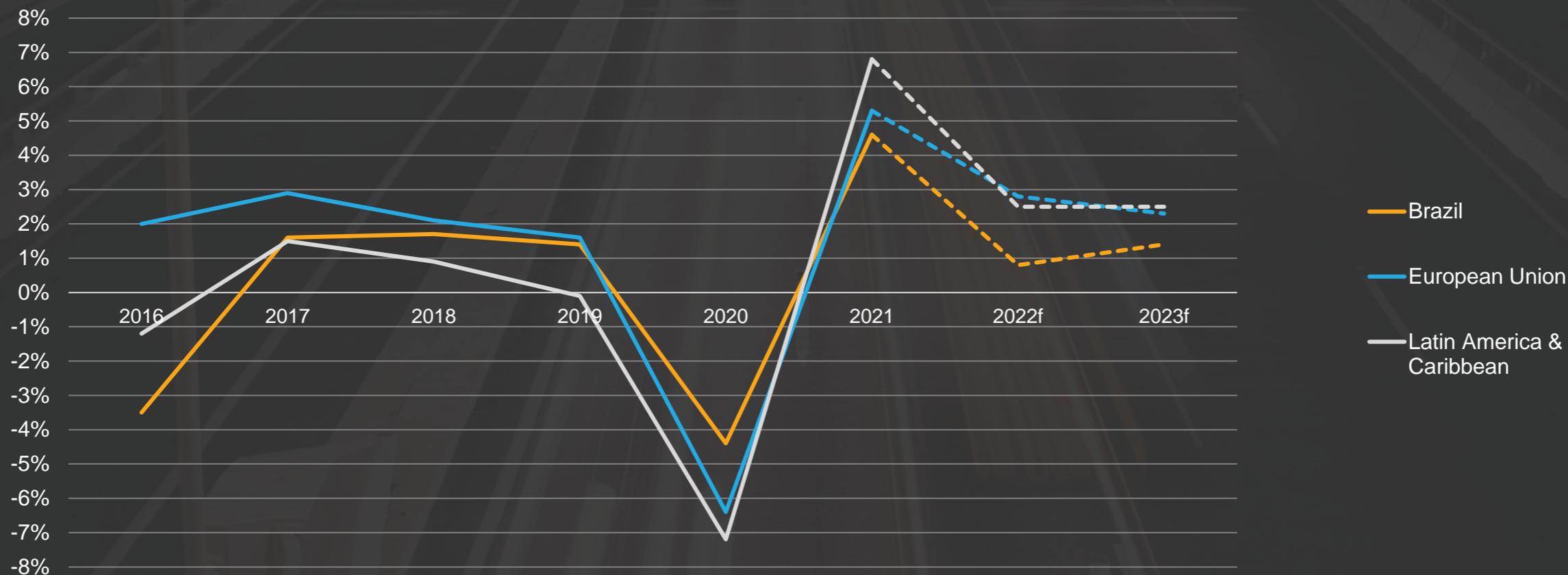


- Just as in 2020, most Swedish companies were profitable last year. Only 6% of companies presented losses.
- Large industrial companies were the most profitable in 2021. Only half of the small and medium size respondents were profitable during this period.
- Swedish companies newer to the Brazilian market – established in 2016 or later – had a harder time than experienced companies, all breaking-even in 2021.
- Despite the pandemic recovery in 2021, with 4.6% GDP increase, Brazil's economic growth is threatened by inflation in the short term. Most global institutions' growth forecasts for Brazil in 2022 are between 1%. and 2%.

Note: Don't know/Not Applicable answers were excluded in the analysis of this question.

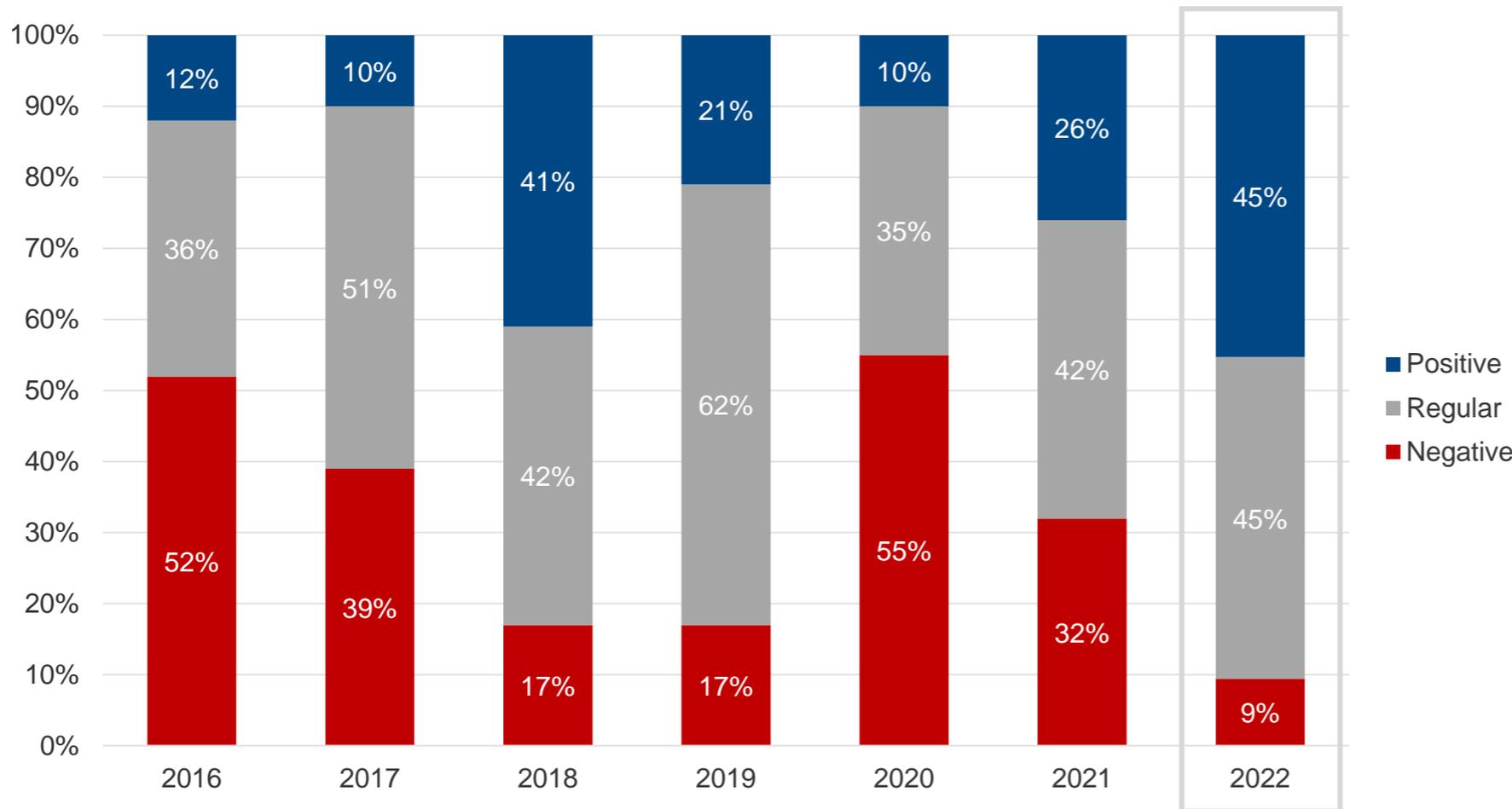
# Despite the better-than-expected results in 2021, inflation has reduced Brazil's GDP growth forecasts for 2022 and 2023 to around 1%, below global average

GDP GROWTH (%) AND FORECAST, BRAZIL AND SELECTED REGIONS



# The perception of Swedish companies over Brazil's business climate improved significantly, reaching the most favorable level in 7 years

Question 6: How do you perceive the current business climate in Brazil?



- 45% of the companies feel positive about the business scenario in Brazil, the best result in the series and a 19 pp increase from last year.
- At the same time, companies which are negative about the scenario dropped 23 pp, to only 9%.
- Large and industrial companies are slightly more optimistic about the business climate in Brazil.
- The Brazilian industry is also more optimistic about the local business environment, with ICEI - the Industrial Businessman Confidence Index – reaching 56.8, although that is slightly lower than in May 2021.

# The confidence of the Brazilian industry is also above average, mainly for extractive companies in sectors like mining and oil & gas

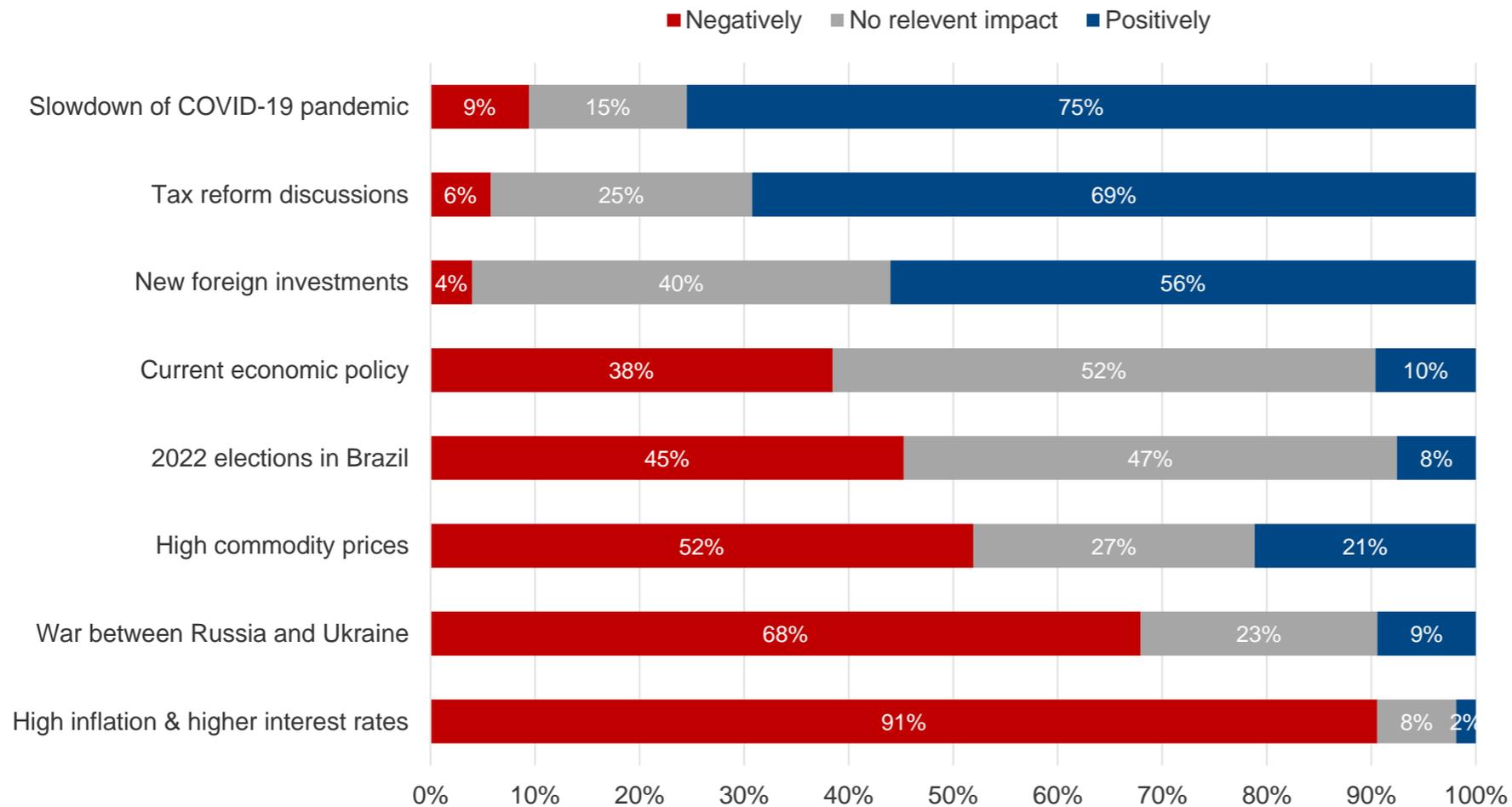


Source: CNI.



# Pandemic slowdown, tax reform and new FDI will contribute to an improved business climate; inflation and the Ukraine war present challenges

Question 7: Apart from Brazil's usual structural conditions, how do you expect the following factors to affect the business climate for your company in Brazil during the next months?



- The pandemic deceleration is the main reason for the improvement of the business climate in Brazil, according to the companies. They are also in favor of tax reforms, although relevant changes will probably not take place until after the elections.
- The international scenario and higher interest rates are also making Brazil a strong FDI destination – the 4<sup>th</sup> largest in 2021.
- 45% believe that the 2022 elections will have a negative impact on the current business climate, while 55% believe that it will have no impact or a positive one.
- A few Swedish companies will find local opportunities related to the international crisis and the high commodity prices, which can bring new business to Brazilian commodity exporters.
- Inflation is the undisputed new villain of Brazil's economic scenario.



**Despite uncertainties like the 2022 elections and the overdue tax reform, some companies are experiencing improvements in the business climate**

*Question 8: Is there anything else you would like to share regarding the business climate in Brazil?*

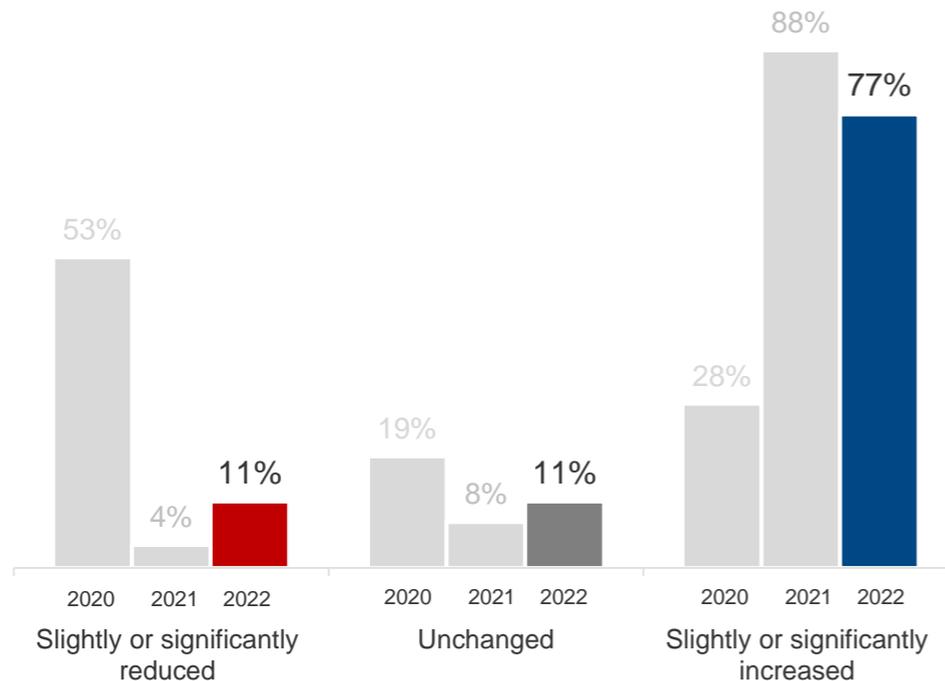


# More than 70% of the companies expect revenue growth and increased investments in Brazil during the next 12 months

## Turnover expected for the next 12 months

Question 9:

Compared to the development in the past 12 months, what are your expectations for the coming 12 months for your industry in Brazil regarding turnover?

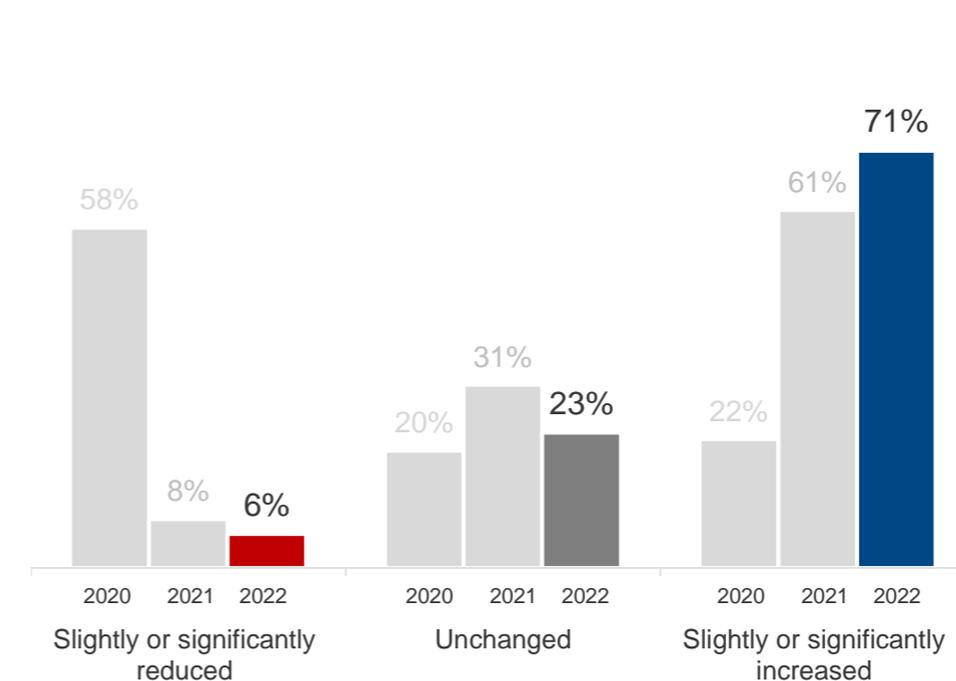


- Most companies expect to grow in Brazil during the next 12 months, mainly market newcomers and service providers.

## Investments expected for the next 12 months

Question 10:

What are your company's investment plans for the coming 12 months in Brazil, compared to the past 12 months? Investments will be...



- Smaller companies, from services and consumer segments are the ones planning to increase investments in Brazil the most.

# In 2021, Brazil became the 4<sup>th</sup> largest destination for foreign direct investments with USD 50 billion in inflow resources – a 78% growth over 2020

2021 LARGEST GLOBAL ECONOMIES, *bUSD current*

Rank	Country	GDP	Annual growth
= 1	United States	22 997	+5.7%
= 2	China	17 458	+8.1%
= 3	Japan	4 937	+1.6%
= 4	Germany	4 226	+2.8%
= 5	United Kingdom	3 188	+7.4%
= 6	India	3 178	+8.9%
= 7	France	2 935	+7.0%
= 8	Italy	2 101	+6.6%
= 9	Canada	1 991	+4.6%
= 10	South Korea	1 799	+4.0%
= 11	Russia	1 776	+4.7%
▲ 12	Australia	1 633	+4.7%
▼ 13	Brazil	1 608	+4.6%
▲ 24	...Sweden	627	+4.8%

Number of countries in the rank: 196

2021 LARGEST GLOBAL ECONOMIES, *bUSD PPP\**

Rank	Country	GDP PPP
= 1	China	27 206
= 2	United States	22 997
= 3	India	10 219
= 4	Japan	5 615
= 5	Germany	4 857
= 6	Russia	4 490
= 7	Indonesia	3 566
= 8	Brazil	3 435
▲ 9	United Kingdom	3 403
▼ 10	France	3 362
= 11	Turkey	2 943
= 12	Italy	2 734
= 13	Mexico	2 667
▲ 39	...Sweden	616

Number of countries in the rank: 196

2021 LARGEST FDI DESTINATIONS, *mUSD current*

Rank	Country	FDI inflow	Annual growth
▲ 1	United States	381 933	+132%
▼ 2	China	333 979	+32%
▲ 3	Canada	59 694	+158%
▲ 4	Brazil	50 367	+78%
▼ 5	India	44 708	-31%
▲ 6	South Africa	40 889	+1 235%
▲ 7	Russia	38 240	+267%
▲ 8	Switzerland	37 210	n/a
▼ 9	Mexico	31 621	+13%
▼ 10	Germany	31 263	-51%
= 11	Australia	29 773	+48%
▼ 12	Israel	29 615	+22%
= 13	United Kingdom	27 564	+51%
▼ 14	Sweden	26 972	+43%

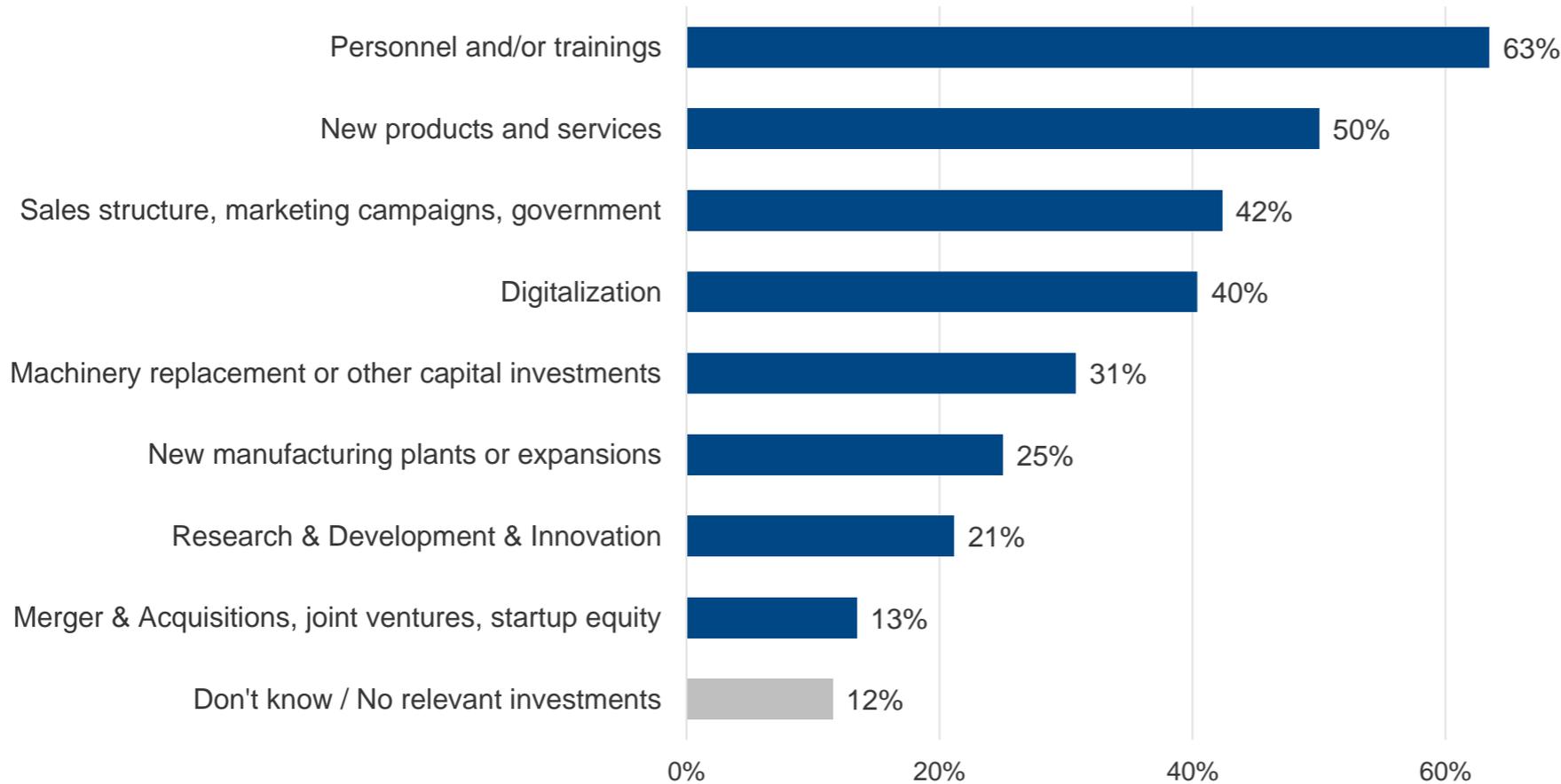
Number of countries in the rank: 47

Source: IMF (GDP), OECD (FDI) . Note: PPP – Purchasing Power Parity, discounts the effect of currency value.



# More than half of the companies will invest in human capital and the launching of new products and services during the next months

Question 11: If your company will increase investments in Brazil in the next months, where will it be investing locally?



- With sales competence and staff training in the top of the competitive advantages of Swedish companies (Question 14), human capital investments will be a focus this year for 63% of respondents.
- Many industrial companies will be investing in new products (50%) and digitalization/Industry 4.0 (40%).
- A quarter of Swedish companies will invest in new manufacturing, including industries such as automotive, consumer products and infrastructure segments. Other 31% of manufacturers will invest in machinery replacements and capital investments instead.
- In a previous question (4), 30% confirmed they conduct R&D operations in Brazil. Considering that 21% responded here that they will invest in R&D during the next months, we can imply that 2/3 of companies with R&D operations will intensify activities.
- M&A, JVs and startups will be an investment focus for the healthcare sector.

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# Key Takeaways: Challenges and How Swedish Companies Succeed in Brazil



The companies have great local access to clients, suppliers, distributors and service providers, in a good business culture environment



Corporate taxes and the regulatory burden – “Brazil cost” – remain as the main challenges for business and foreign trade



Cost efficiency, sales competence and collaboration with customers once again guaranteed Swedish competitiveness in Brazil

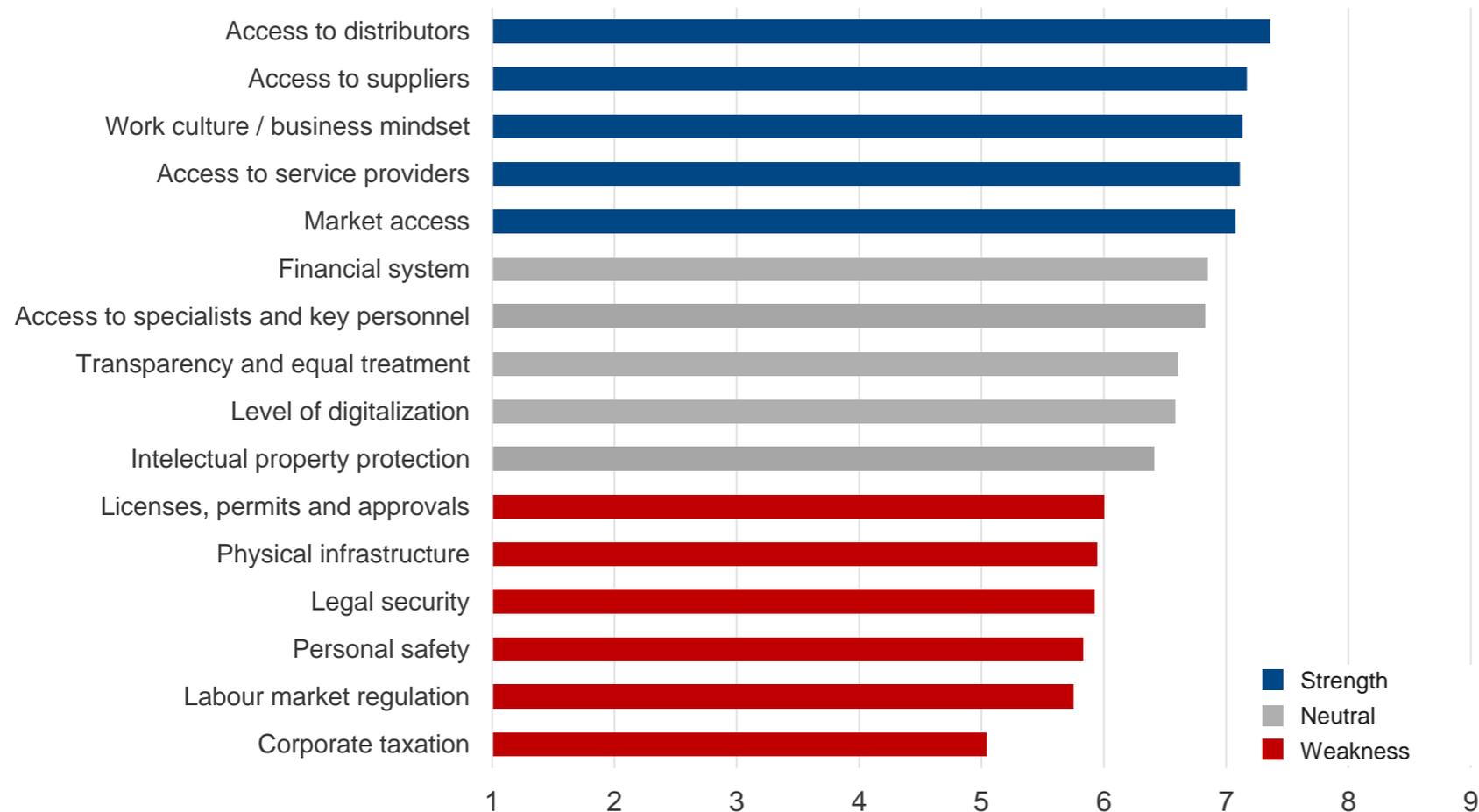


92% of the companies declare that they benefit from being marketed as Swedish in Brazil



## Market access conditions are the strengths of business in Brazil; taxes, regulations, security and infrastructure represent weaknesses

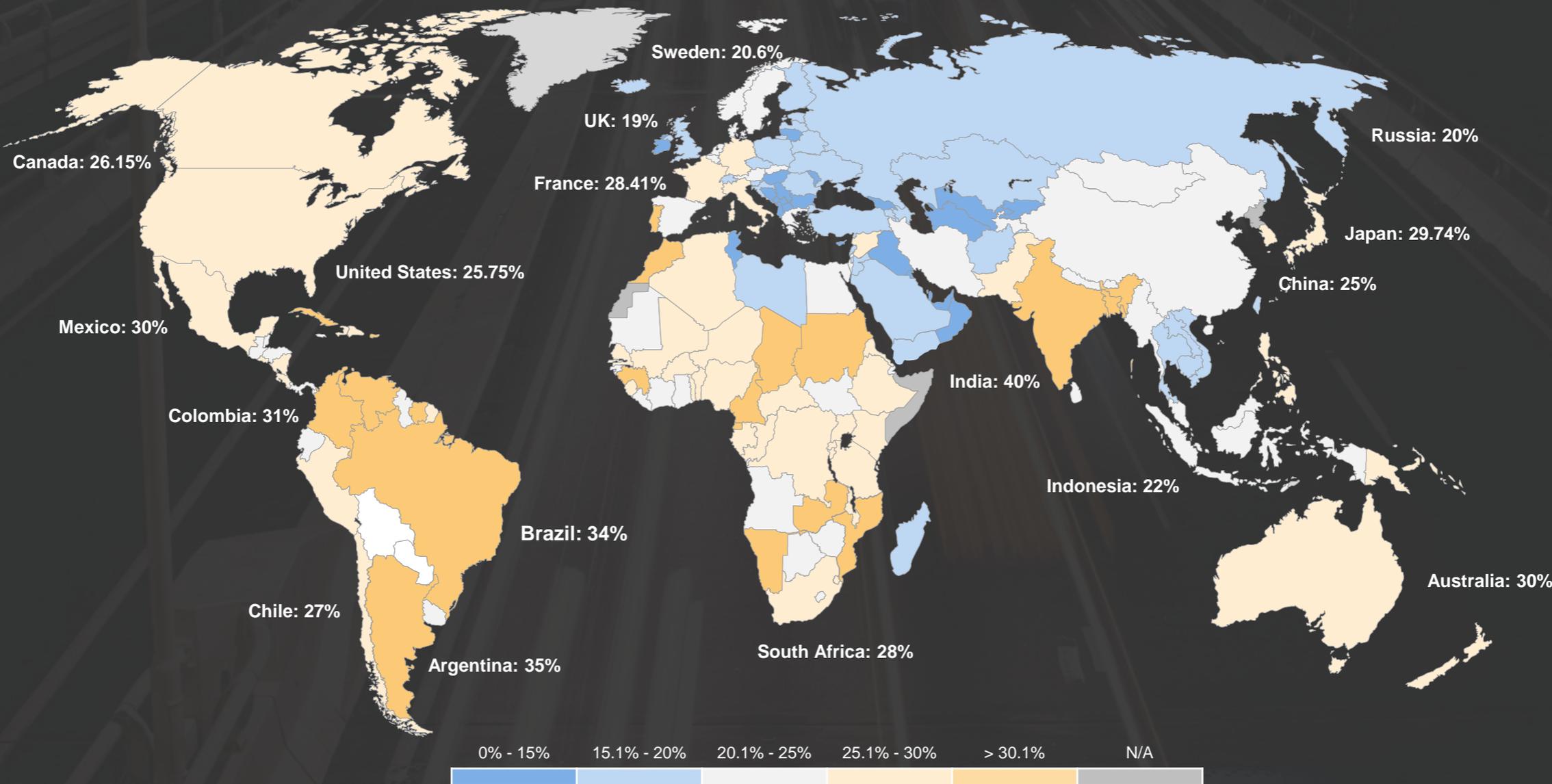
Question 12: Please rate from 1-9 how the below conditions meet the needs of your company's business in Brazil.



- The 2022 scoring improved for almost all conditions, in an average of 0.35 point. Nevertheless, the final ranking of conditions was very similar to 2021.
- “Access” conditions figure once again as strong points in Brazil, including access to distributors, suppliers, key personnel and access to market, besides business culture. Access to distributors climbed a few positions and reached the top of the rank this time around.
- “Market” conditions such as the financial system, transparency, digitalization and IP protection\* got intermediary scores, just as in the 2021 survey.
- “Operations” conditions are the weaknesses in Brazil’s business environment, including regulatory topics (licenses, legal security\* and labor regulation) and corporate taxation, apart from infrastructure. Once again, corporate taxation received the worst score.
- Notably, personal safety was the only condition receiving a lower score than in 2021, dropping positions in the rank. In fact, coinciding with a nationwide increase in violent criminal activity, homicides in São Paulo State grew 5% during Q1 2022 y-o-y.

# Brazil has one of the highest top corporate income taxes rates in the world, alongside its Latin American peers and India

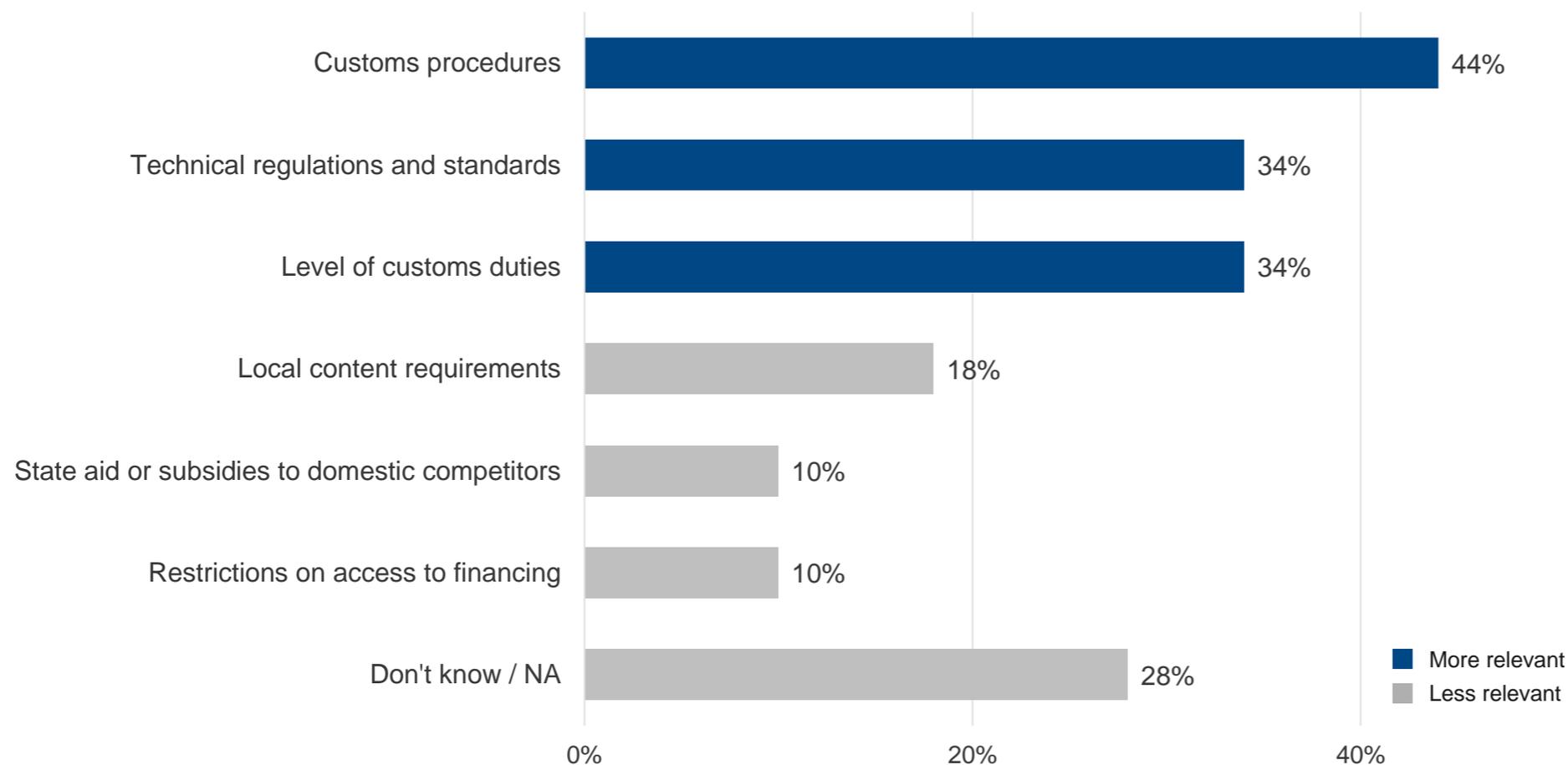
STATUTORY TOP CORPORATE INCOME TAX RATES, 2021



Source: Tax Foundation, KPMG, PwC.

# 🚫 Customs duties, customs procedures and technical regulations are seen as the main trade barriers in Brazil, affecting at least a third of the Swedish companies

Question 13: Has your company in the past year encountered trade barriers in Brazil with a noticeably negative impact on operations, in any of the following areas?

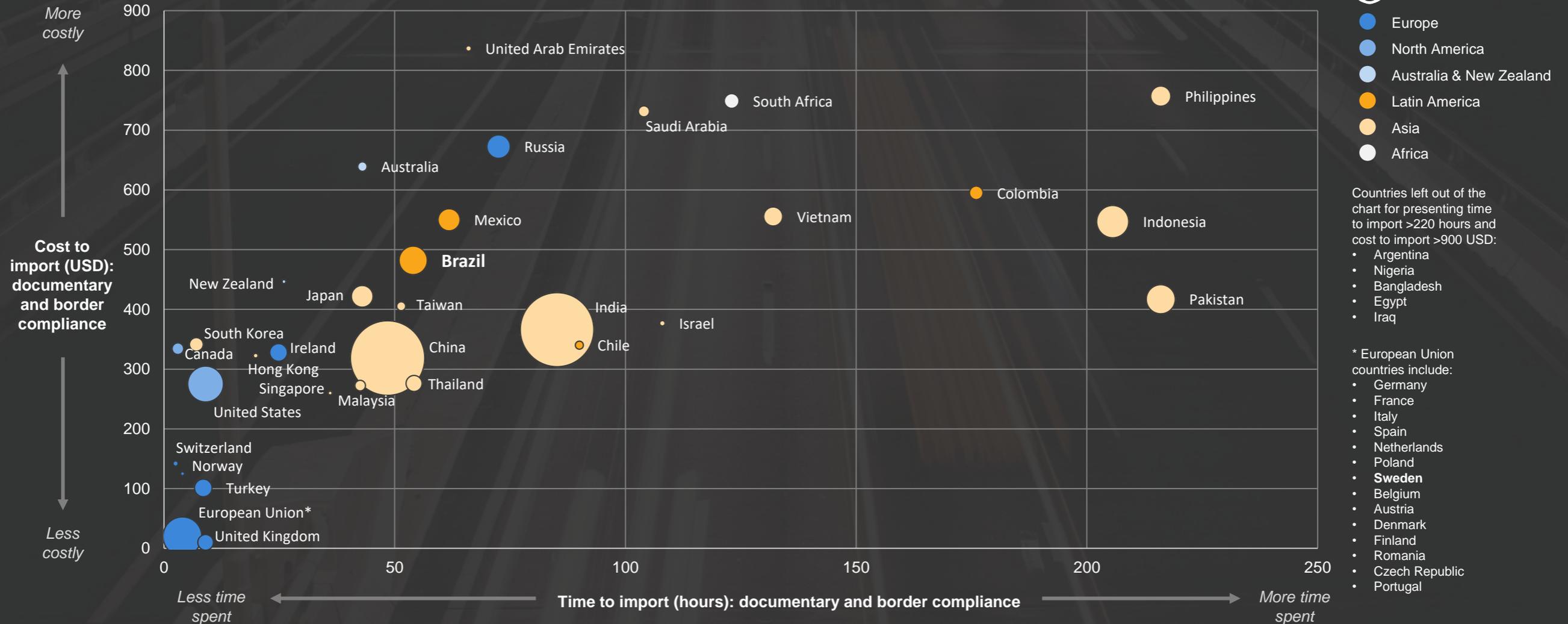


### Other mentioned barriers:

- International freight availability
- Sales tax regulations (ICMS)
- Customs procedures and regulatory issues represent harder obstacles than the actual level of customs duties.
- Small Swedish companies have a hard time complying with local regulation.
- Large companies find more challenges regarding customs procedures, and are the only ones hurt by government subsidies to the local industry (18%).
- Mature companies in the Brazilian market are the ones identifying more trade barriers. Newcomers find barriers related to customs procedures and regulations or no barriers at all.

# Brazil is behind developed economies in customs clearance efficiency, but it is still easier to export to Brazil than to many other emerging economies

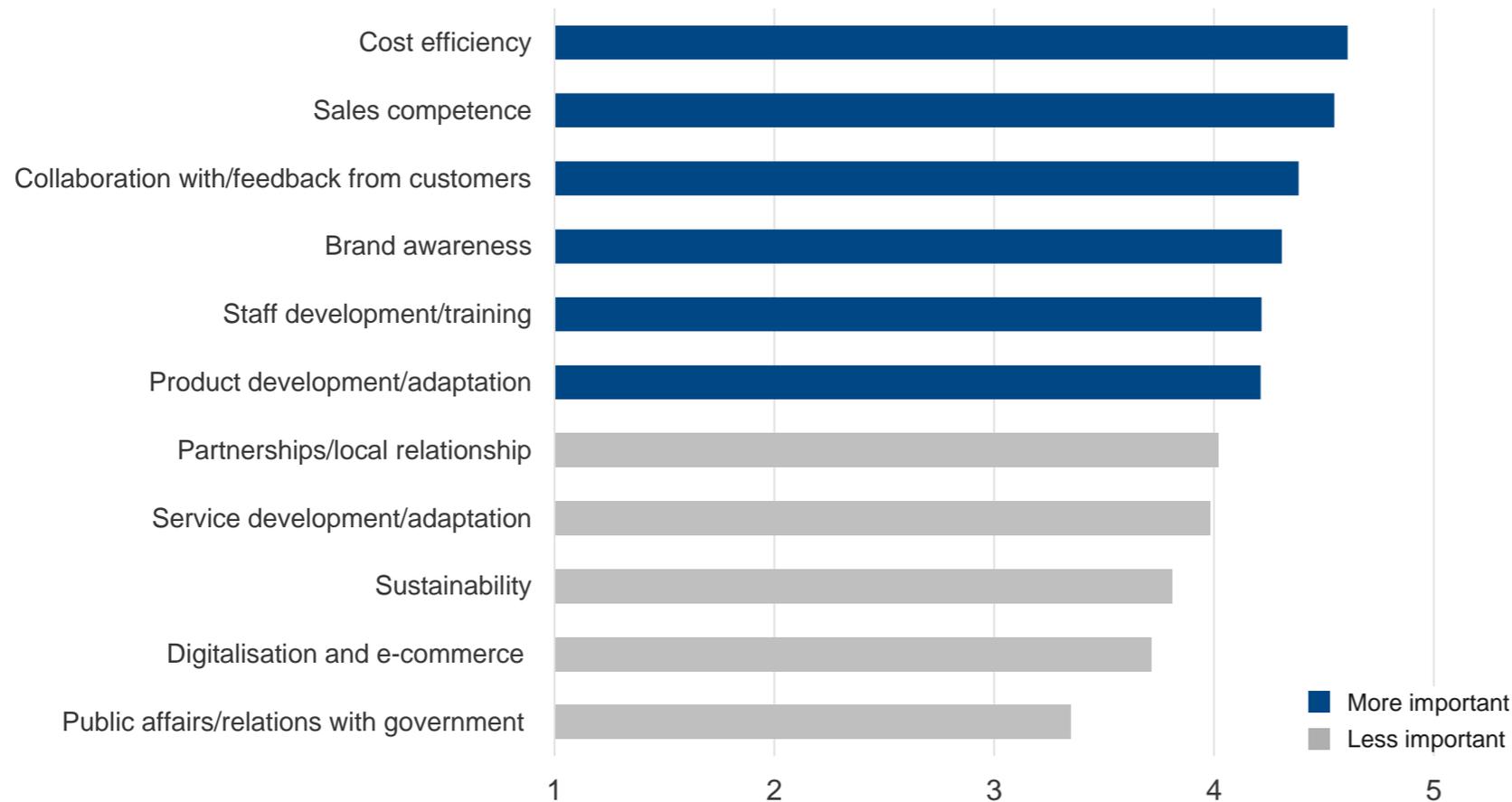
TIME vs. COST TO IMPORT IN THE 50 LARGEST ECONOMIES, 2020



Source: World Bank's Ease of Doing Business Index

# 💡 Cost efficiency and sales competence continue to be key capabilities for maintaining competitiveness in Brazil

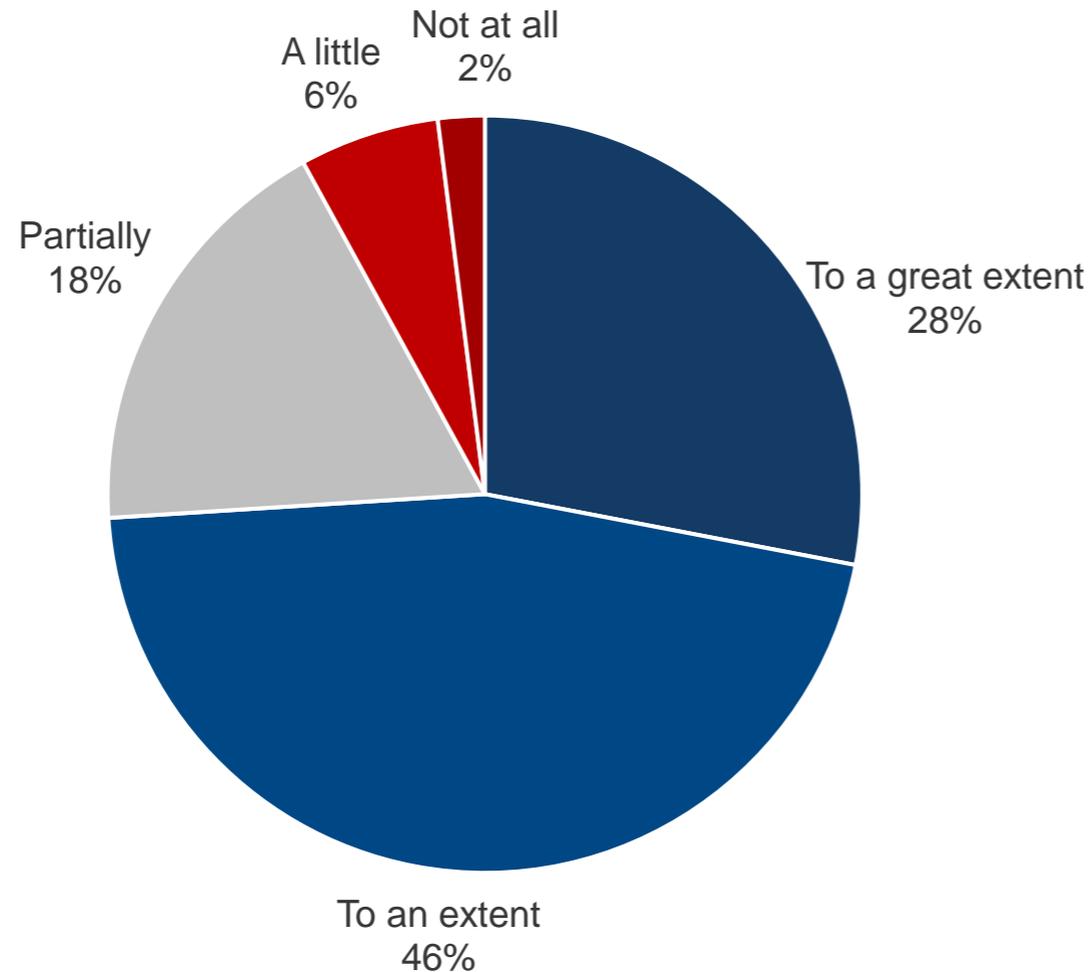
Question 14: To date, which of the following areas have been important in maintaining competitiveness in Brazil? (1-5 score)



- Cost efficiency and sales competence remain as the key competitive advantages for Swedish companies in Brazil.
- In this year's survey, collaboration/feedback from customers and staff development/training gained more relevance, perhaps showing a newfound appreciation for customers and collaborators.
- At the same time, partnerships/local relationships, the top 3<sup>rd</sup> advantage mentioned in 2021, dropped four positions in the rank, now figuring among the least relevant advantages.
- Digitalization/e-commerce and public affairs/relations with government once more form the bottom of the list, this time joined by sustainability (new addition to the question). Brazil is known to be behind in terms of sustainability and digitalization, while Swedish companies have few connections to public authorities in the country.

# Just as observed in 2021, around 92% of the companies benefit at least partially from the “Swedish brand” when doing business in Brazil

Question 15: To what extent would you estimate that the “Swedish brand” contributes to your business in Brazil?



- The 2022 result for this question is identical to the one verified in 2021, with 74% of companies being favored by a Swedish branding (to an extent or great extent), 18% only partially and 8% not much or not at all.
- Newcomers and industrial companies seem to profit more from the “Swedish brand”, while small companies find less value in being recognized as Swedish.

**Note:** Don't know/Not Applicable answers were excluded in the analysis of this question.

# Managers voices: Structural reforms are still the main obstacle for business growth by Swedish companies in Brazil

## Reforms are needed in many fronts

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*“Main issue is the complete lack of urgency from politicians to make changes that are needed. Reforms go one per time and take years.”*

*The tax reform to make tax payments easier and safer has been discussed so long, but no one has the power to push it pass the lobby of those that today have the benefits.*

*Also, the financial structure for loans is amazing, very slow and extremely expensive, the banks are inefficient and slow and still make huge profits.*

*On labor regulations we do see an improvement since the reform a couple of years ago, less lawsuits and more logic in the verdicts. A large fear is if the reform will change with Lula.”*

*“The COVID-19 pandemic exposed Brazil to an unprecedented health and economic challenge. It has brought uncertainties to the macroeconomic policy framework, especially in the fiscal scenario, calling for strong fiscal consolidation and adoption of structural reforms. Its time to look more deeply to our healthcare system regarding sustainability and resilience.”*

*“The outlook for Brazil looks positive and could be much better if some of key areas, like infrastructure, tax policy, customs and environmental program incentives improve.”*

## Rocky road ahead

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*“The post-pandemic global crisis effects exacerbated by the Russian-Ukraine war will cause the historical uncertainty slopes in Brazil to take shorter and sharper turns in 2022. Supply chain disruptions, inflation and the 2022 elections will disturb the local business environment beyond belief, primarily in H2 '2022 when (a) activity levels should soften, reflecting a 'hold position' from the market before the elections while (2) the industry continues to safeguard margins by passing cost increases onto retail prices, fostering inflation, compromising consumption and adding an extra pressure on interest rates, F-X and business profits overall. Anticipating scenarios and engaging teams to react to the swift changes will be key to safeguard results in 2022.”*

## Improved business scenario compared to 2021

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*“We believe the volumes / sales are getting better comparing to 2021 and the supply chain will be more predictable in the coming months, I mean stable in regard to prices increase requests and no capacity constraints to supply.”*

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## Key Takeaways: Acting sustainably



Almost half of Brazilian customers are considering sustainability aspects during their purchases, according to the Swedish companies



Swedish companies have not identified violations of human rights in Brazil during the last year, apart from a single case



Most Swedish companies in Brazil still have less than 30% of their management team composed by women

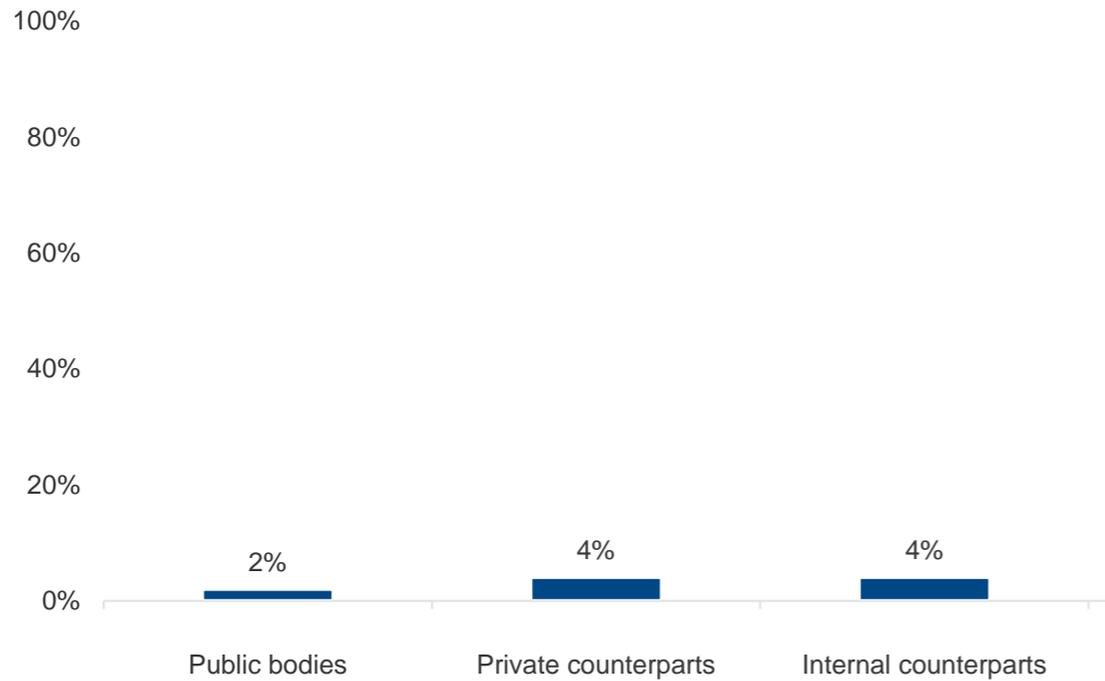


Despite being a known challenge in Brazil, only 4% of respondents were exposed to corruption in 2021

# Despite many compliance issues in Brazil, only a few Swedish companies came across corruption or human rights violations in 2021

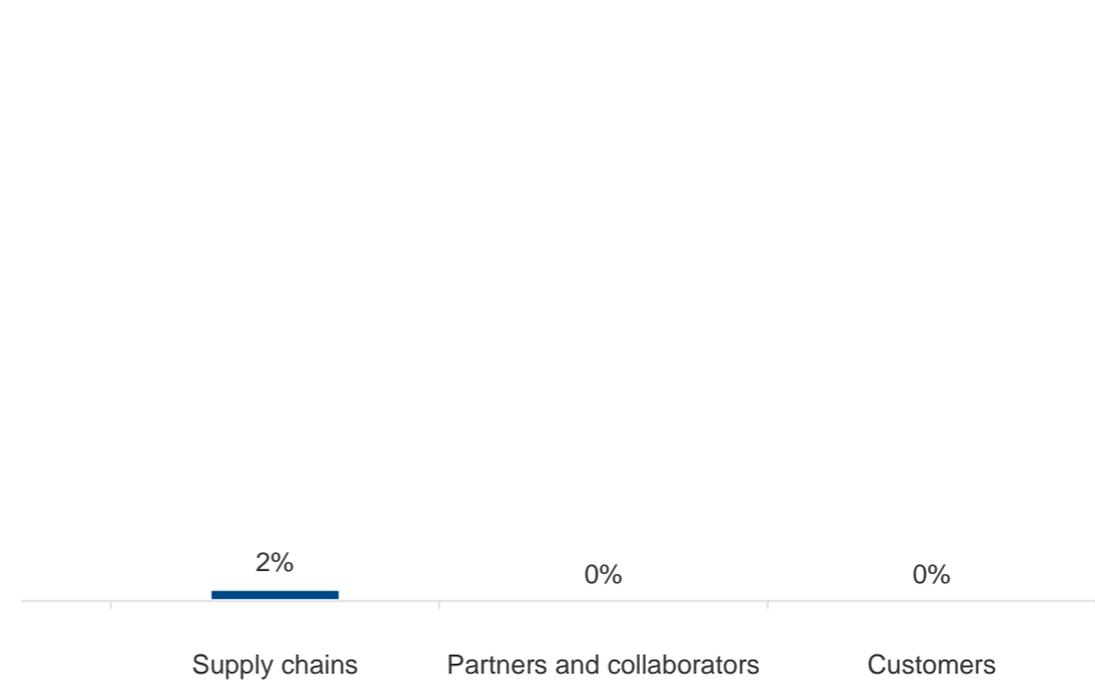
## Corruption impact

Question 16:  
*In the past year, has your company in Brazil been exposed to corruption such as, but not limited to, attempts of bribery or fraud in contacts with...*



## Human rights violations

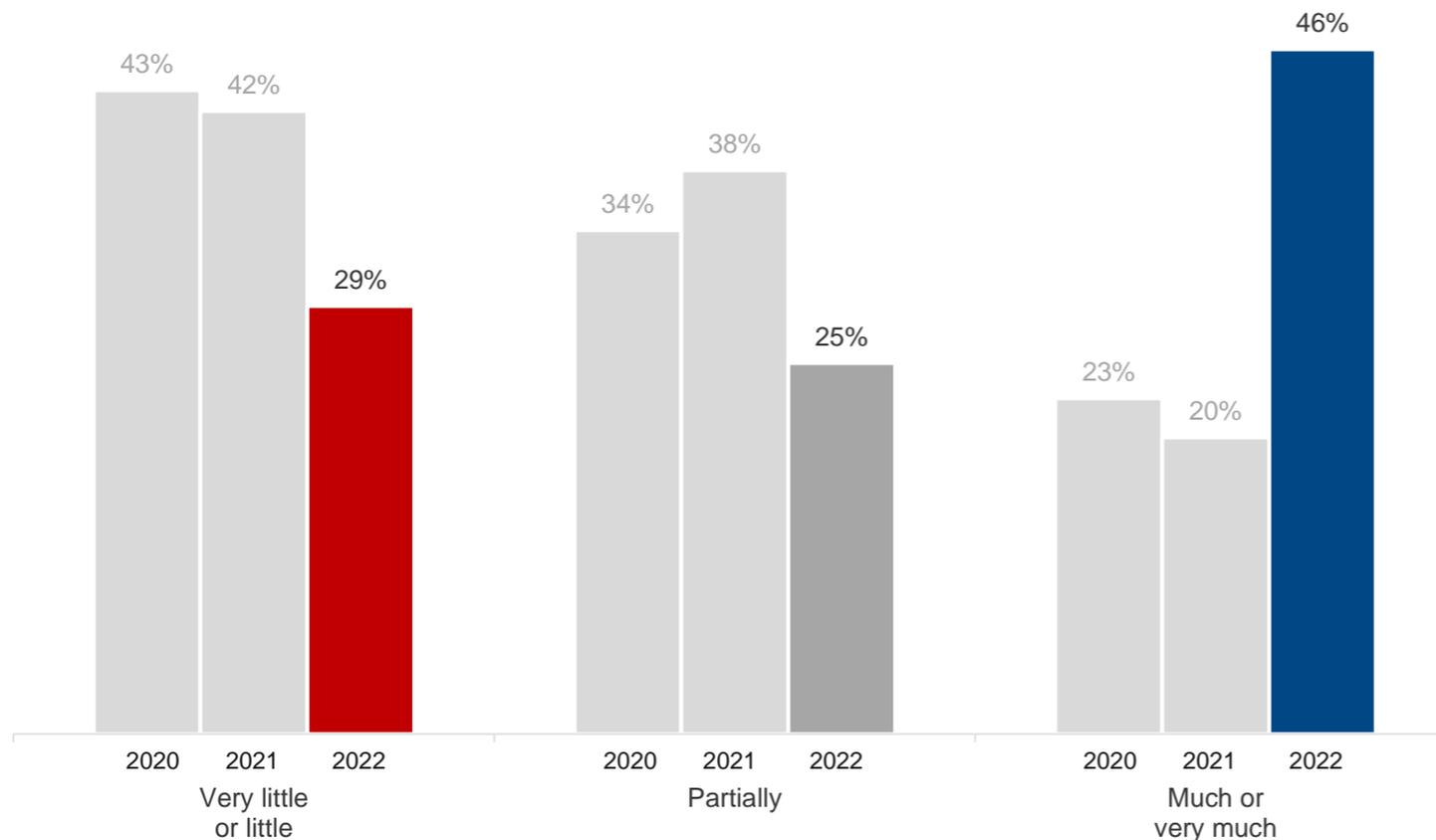
Question 17:  
*In the past year, has your company in Brazil encountered any form of human rights violations and/or labor rights abuse in/ with your...*





## Sustainability awareness seems to be growing among Brazilian customers

Question 18: In your view, to what extent do customers in your industry in Brazil consider environmental aspects of a product or service in their purchasing decision?

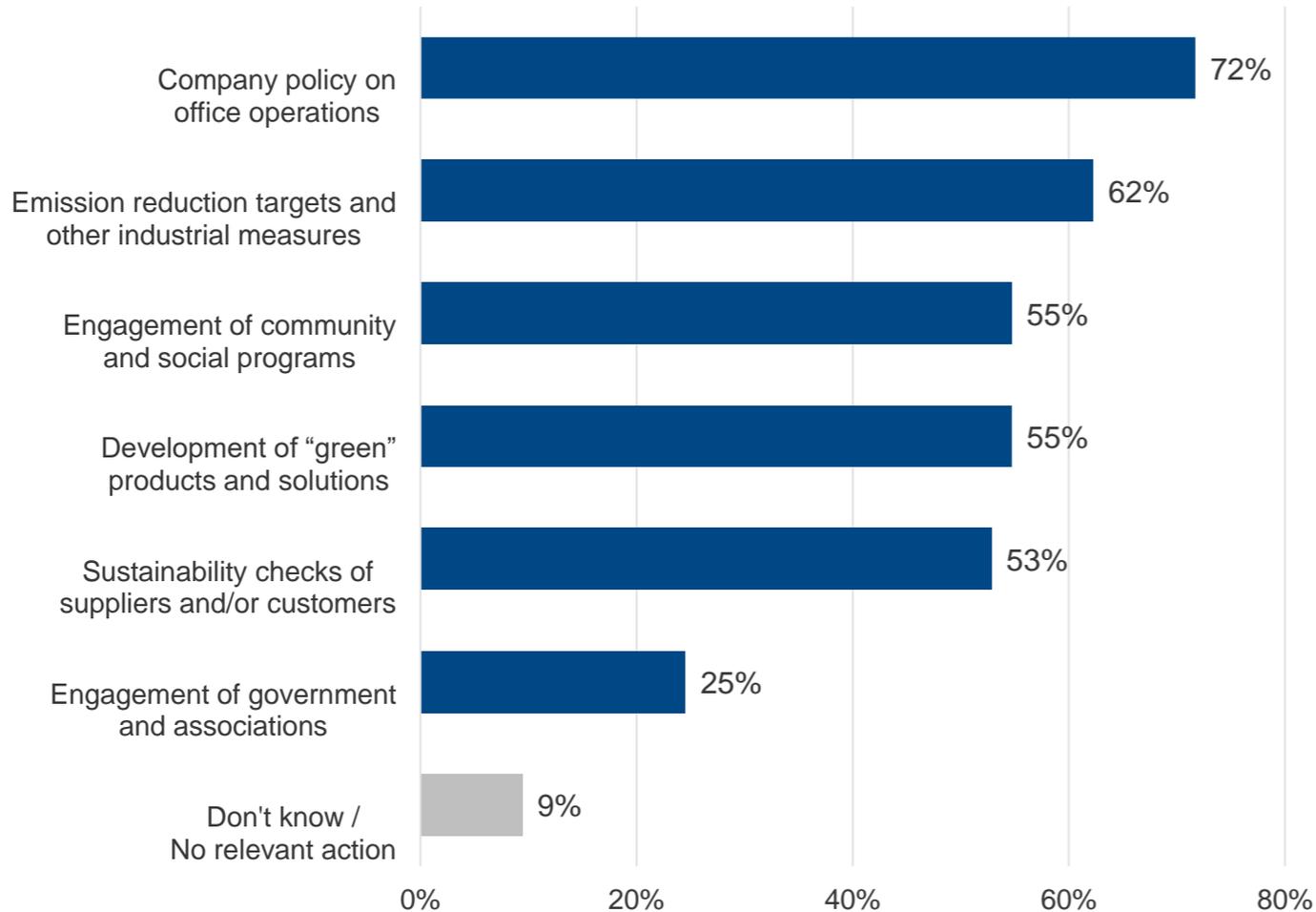


- This year, respondents who see that customers consider environmental aspects in their purchase decision grew 26 pp compared to 2021, which represents a major change. 29% say that customers consider these aspects much and 17% say they consider them very much (total 46%).
- On the other hand, 19% say that customers consider environmental aspects in the purchasing just a little and 10% say they consider them very little (total 29%).
- Large, industrial and mature companies are the ones picking up the positive change in customer behavior towards sustainability. Small and new companies in Brazil haven't identified such changes.
- Consumer product manufacturers still see a lower inclination of customers towards sustainable goods, leading to conclude that the change verified is more intensive in B2B than B2C transactions.



## At the same time, Swedish companies are taking real actions to promote environmental protection in Brazil

Question 19: How does your company promote environmental sustainability in Brazil?



- The largest part of the companies have imposed sustainable policies towards office operations, including waste management, recycling, power savings, printing and air travel reduction.
- 62% also have emission reduction targets (e.g., carbon neutrality) and other sustainability goals related to industrial manufacturing, which implicate local operations.
- More than half of the companies run social programs to engage local communities in Brazil. A quarter of the companies perform engagement work on associative and governmental levels.
- 55% stated that they develop green products/solutions as part of their sustainability plans. Industries include automotive, materials, healthcare, industrial equipment and consumer products.
- 9% claim that they do not conduct relevant action towards sustainability.

# Brazil climbed 28 positions in the World Bank's Political Stability Rank in 2020 and it is now seen as a more stable country than other emerging economies

2021 CORRUPTION PERCEPTIONS INDEX, selected economies

Rank	Country	Score (0 to 100)
= 1	Denmark	88
▼ 4	Sweden	85
▼ 10	Germany	80
= 11	United Kingdom	78
▼ 27	Chile	67
▼ 27	United States	67
▲ 66	China	45
▲ 85	India	40
▲ 87	Colombia	39
▼ 96	Brazil	38
▲ 96	Turkey	38
▲ 96	Indonesia	38
= 124	Mexico	31
▼ 136	Russia	29

Number of countries in the rank: 180

2020 POLITICAL STABILITY AND ABSENCE OF VIOLENCE/TERRORISM, selected economies

Rank	Country	Score (2.5 to -2.5)
= 1	Greenland	1.91
▼ 32	Sweden	1.02
▲ 67	Germany	0.67
▼ 83	United Kingdom	0.47
▼ 109	Chile	0.07
▼ 115	United States	-0.02
▼ 133	China	-0.29
▲ 145	Brazil	-0.42
▼ 153	Indonesia	-0.50
▲ 166	Colombia	-0.67
▼ 169	Russia	-0.73
▼ 175	Mexico	-0.85
▼ 177	India	-0.86
▲ 188	Turkey	-1.19

Number of countries in the rank: 213

2019 FEMALE EMPLOYMENT IN SENIOR & MIDDLE MANAGEMENT, selected economies

Rank	Country	%
= 5	Iceland	44.0%
▼ 10	Russia	42.0%
▲ 11	Sweden	41.8%
▼ 14	United States	40.8%
▼ 17	Brazil	38.6%
▼ 23	Mexico	35.5%
▼ 24	Uruguay	35.2%
▼ 26	United Kingdom	34.9%
▼ 27	France	34.2%
▼ 33	South Africa	33.3%
▼ 34	Argentina	33.1%
▲ 46	Germany	28.6%
▲ 57	Turkey	17.5%
▲ 58	India	14.8%

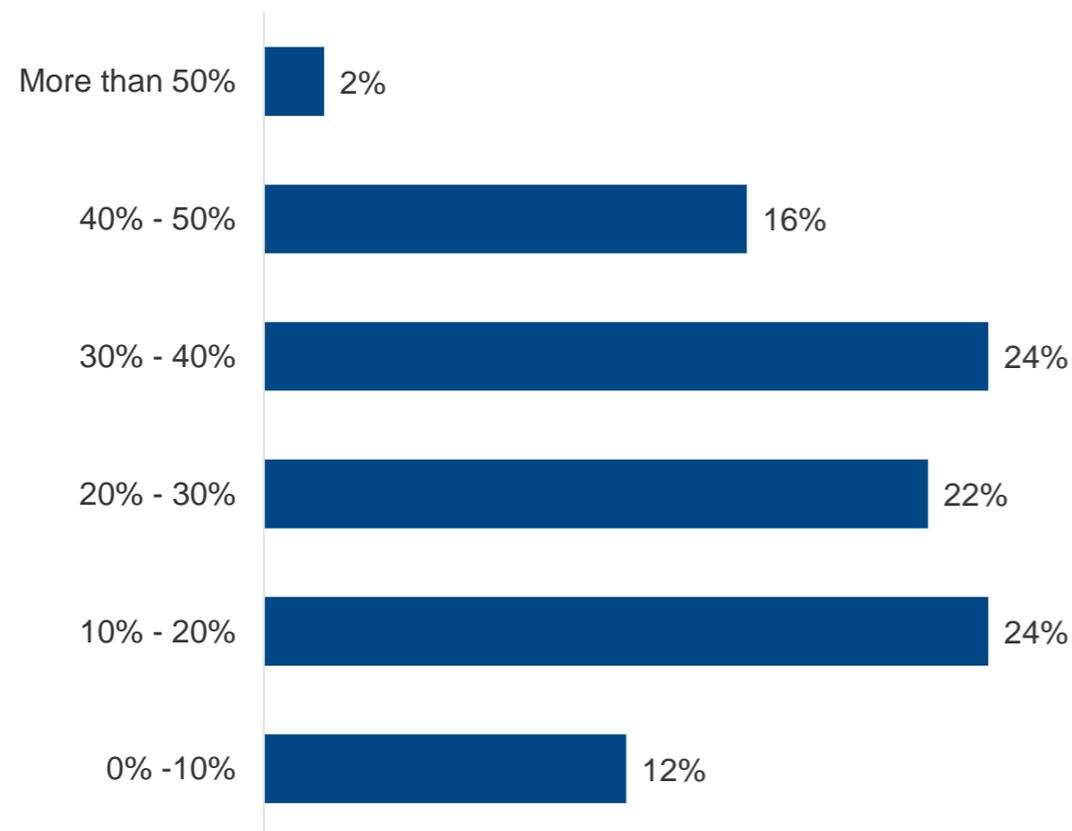
Number of countries in the rank: 59

Source: Transparency International, World Bank.

\* Yale's 2021 Environment Performance Index was not available by the time of publication of this report.

# ♀ Less than half of the Swedish companies in Brazil have more than 30% of their management teams composed by women

Question 20: What share of women are there in your management team locally?



- Female participation in the management team of subsidiaries in Brazil is still shy compared to Swedish figures. Around 58% of respondents don't reach a third of their teams composed by female executives.
- In only one company (2%) women are majority over men in managerial positions.
- Yet, the share of companies which had 0% to 10% of women in management positions fell 6 pp compared to 2021, which may indicate an increase of female hiring in those positions.
- According to the Brazilian Ministry of Economy, women represent 42% of manager positions and 14% of director positions in Brazil.
- Another 2019 assessment by the World Bank states that Brazil has nearly 39% of senior and middle management positions filled by women, which is in line with many developed and Latin economies. These figures may be in part explained by the high proportion of female university graduates (higher than male) and the participation of women as entrepreneurs in small businesses.

Additional source: Brazilian Ministry of Economy, World Bank.

# Managers' voices: To intensify corporate action on sustainability, companies need more support from Brazil's political leaders

## The government must increase environmental efforts



*"In order to promote a safe atmosphere for companies to invest on sustainable business practices long term, authorities have to enforce the legal acts practice, fairly and equally across all businesses and individuals. Large multi-national entities with high ESG standards often pay the price to maintain their high standards while smaller and less mature organizations will still get away with hazardous environmental conduct through corruption - or simply the lack of resources within the competent legal authorities to reach out to their malpractices. This goes beyond the environmental damage long run to jeopardize fair play, first for those playing fair, and pushes serious investment commitments away from Brazil."*



*"Brazil is very rich in natural resources, and it is a place where sustainability is a strong call in the business area. Our challenge is that the government send dubious messages regarding its commitment to a sustainability drive."*



*"Sustainability is still considered expensive with our customers in Brazil. It gets attention only on global companies when pushed from HQ. Local contacts will not pay more for greener options. To change this, it has to come from the top, the targets for local decision makers do not include Sustainability at all in the discussions."*

## New price pressures



*"Everybody (industry, clients, government, consumers) want more sustainable solutions/products. That's a good trend but considering the economic reality it will advance in a slower pace than desired. Development of new sustainable materials will cost higher at the beginning while technology and production scale evolves. Transfer that additional cost to consumers is challenging in an inflationary condition."*

## Biofuels as an opportunity



*"Big challenge is to show the good examples (they sure exists!) of sustainable initiatives and some regional vocation that the country has for example for biofuels."*



*"Brazil has many challenges related to sustainability, specially with energy, mining and water treatment. [...] To mitigate those risks Brazil must promote the research and development of new technologies and could treat with different taxation for quick adoption. Plus, Ethanol producers continue to suffer and there is not so much investment for hybrid car with Power + Ethanol that can be a sustainable and an intermediate path for a Zero CO2 emission, this is one of many examples that industry and government could speed up the development for a much more sustainable world."*

TEAM  
**SWEDEN**  
BRAZIL