Leading Brazilian Multinational Enterprises:

Trends in an Era of Significant Uncertainties and Challenges

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The Center of International Financial Management Studies (IFM) of the São Paulo School of Business Administration (EAESP) of Fundação Getulio Vargas (FGV), Brazil, and the Columbia Center on Sustainable Investment (CCSI), a joint center of Columbia Law School and The Earth Institute at Columbia University in New York, are today releasing the results of the annual survey of Brazilian multinational enterprises (MNEs).[1] The survey is part of the Emerging Market Global Players (EMGP) Project, a long-term study of the rapid global expansion of multinational enterprises (MNEs) from emerging markets. The present survey,[2] conducted in 2015, covers the period of 2014.

Highlights

In 2014, the top 20 Brazilian multinational enterprises altogether had foreign assets of US$ 120,672 million, foreign revenue (including exports) of US$ 113,927 million and 201,343 foreign employees (excluding outsourced, temporary and seasonal employees). In total, the foreign assets of the top 20 firms constituted 30% of those firms' total assets in 2014; foreign sales accounted for 44% of the firms' total net sales; and the foreign employees accounted for 21% of their total employees (Annex Table 1).

The top five companies accounted for almost 88% of the total foreign assets of the top 20 firms in 2014. Of the top ten Brazilian multinational firms, four were from the food manufacturing industry, and three were from the extractive industries such as mining, quarrying, oil and gas. These seven enterprises accounted for almost 82% of the total foreign assets of the top 20 firms in 2014.

[1] The report was prepared under the direction of Hsia Hua Sheng, Professor of Finance at EAESP/FGV with assistance of José Marcos Carrera Junior, Ph.D. student at EAESP/FGV. The authors would like to thank Maria Thereza Fleury, Professor at EAESP/FGV, and her team, especially Rubens Bonon Filho and Cyntia Vilasboas Calixto, for sharing efforts during the data collection process, and Paloma Ortelan Miranda for important research assistance.

[2] The authors would like to thank the Applied Network Research and Knowledge of Fundação Getulio Vargas (FGV) for financial support.

The most popular foreign destinations where the top 20 Brazilian multinational enterprises have located their foreign assets are: (1) United States – 18 out of the 20 firms; (2) Argentina – 16 out of the top 20 firms; (3) Mexico and China – each with an at least one affiliate of 13 out of the top 20 firms. Their activities in these destinations primarily included production and manufacturing units, and foreign sales and distribution centers (Annex Table 2; Annex Figure 2).

In terms of motives for outward investment, some Brazilian firms may have been driven by economic and political instability in Brazil to seek alternatives and opportunities in foreign markets.

Table 1 – Brazil: The top 20 non-financial multinationals, by foreign assets, 2014 (US$ million[3])

Rank 2014	Rank 2013	Rank 2012	Company	Core Industry	Status (% of state ownership)[4]	Foreign Assets 2014
1	1	1	**Vale**	Mining (except Oil and Gas)	Listed (33.06%)	62,704
2	3	3	**Gerdau**	Primary Metal Manufacturing	Listed (Nil)	15,254
3	2	2	**Petrobras**	Oil and Gas Extraction	Listed (60.51%)	13,676
4	4	4	**JBS**	Food Manufacturing	Listed (33.25%)	9,632
5	5	6	**BRF SA**	Food Manufacturing	Listed (25.85%)	5,450
6	6	5	**Marfrig**	Food Manufacturing	Listed (19.63%)	3,084
7	8	8	**Minerva**	Food Manufacturing	Listed (3.90%)	2,307
8	7	7	**Magnesita SA**	Mining (except Oil and Gas)	Listed (2.53%)	1,789
9	9	9	**Embraer**	Transportation Equipment Manufacturing	Listed (12.10%)	1,504
10	12	12	**Tupy**	Transportation Equipment Manufacturing	Listed (66.46%)	1,141
11	10	10	**Iochpe-Maxion**	Transportation Equipment Manufacturing	Listed (6.77%)	1,119
12	11	11	**Weg**	Machinery Manufacturing	Listed (Nil)	1,054
13	13	13	**Ultrapar**	Chemical Manufacturing	Listed (5.75%)	488
14	14	17	**Natura**	Merchant Wholesalers, Nondurable Goods	Listed (Nil)	361
15	15	16	**Marcopolo**	Transportation Equipment Manufacturing	Listed (15.20%)	339
16	16	15	**Alpargatas**	Leather and Allied Product Manufacturing	Listed (Nil)	284
17	17	14	**Coteminas**	Textile Mills	Listed (Nil)	219
18	18	18	**Duratex**	Furniture and Related Product Manufacturing	Listed (5.33%)	131
19	19	20	**Valid**	Printing and Related Support Activities	Listed (Nil)	76
20	22	23	**Randon Part**	Transportation Equipment Manufacturing	Listed (10.47%)	61
			TOTAL			**120,672**

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013,[5] and primary data through questionnaires.

Information was not available for all likely candidates for the top rankings because, among other things, not all firms responded to our survey, nor otherwise made available sufficiently detailed information about the extent of their foreign presence. This ranking includes only firms that are listed on the São Paulo Stock Exchange (BM&FBOVESPA - *Bolsa de Valores, Mercadorias e Futuros de São Paulo*) and that have reported either

[3] The exchange rate used was the average of the official Brazilian exchange rate (Ptax) published by Brazilian Central Bank in 2014, measured as the average of the exchange rate on the first working day of the year, and the exchange rate on the last working day of the year (R$2.5265 for each US$ in 2014).

[4] We have considered either direct or indirect state ownership through Brazilian National Development Bank (BNDES – *Banco Nacional de Desenvolvimento Econômico e Social*), pension funds of state-owned enterprises, state-owned banks, state-owned enterprises, state-owned funds, governmental agencies, and National Treasury.

[5] Available at:
http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf

primary or secondary data on foreign assets, foreign sales and foreign employees for the years 2012 through 2014.

We thus do not have in our sample firms from the construction industry such as Odebrecht, Camargo Correa and Andrade Gutierrez, which, in terms of their representativeness and overseas operations, should be included in any rank of Brazilian multinationals. The reason for such exclusion is that many of these companies are not publicly listed, did not respond to our questionnaires, and declined our requests for information other than what was already publicly available through the companies' respective websites. Moreover, these enterprises are also being investigated (*Lava Jato* operation[6]) in relation to alleged corruption and involvement in overpriced contracts with state-owned organizations. This has exacerbated difficulties in gathering data.

Thus, while the 20 MNEs in this ranking may not be precisely the largest outward investors from Brazil, they are certainly among the largest.

Financial firms and franchises are also excluded from the ranking as per the methodology of the Emerging Market Global Players project.

Profile of the Top 20

Head Office Location

The headquarters of all the top 20 Brazilian multinational enterprises are located in the South or in the Southeast of Brazil (Annex Figure 3). These are the most developed regions of the country.

The head offices of nine of the top 20 Brazilian multinational enterprises are located in São Paulo, the most populous and developed Brazilian state. The São Paulo state has the best transportation infrastructure in the country. In addition, some of the best Brazilian universities are located in the São Paulo state. Furthermore, São Paulo is the financial center of Brazil, easing firms' access to financial and capital markets.

State Ownership

As we can see in Table 1, the Brazilian government has a significant voting-share stake in most of the top 20 Brazilian multinational enterprises. Only six of the top 20 companies do not have the Brazilian State as one of their shareholders.

The Brazilian government invests in firms' voting shares either directly or indirectly through pension funds of state-owned enterprises, the Brazilian National Development Bank (BNDES – *Banco Nacional de Desenvolvimento Econômico e Social*) and its

[6] The *Lava Jato* operation is the biggest corruption investigation conducted in Brazil to date. Initiated on March 17, 2014 by the Brazilian Federal Police, it began with the investigation of individuals who bought and sold dollars on the unofficial market. The investigation has since uncovered the alleged existence of a potential vast corruption scheme at Petrobras, involving Petrobras former executives and politicians from various parties and the largest construction firms in Brazil. *Source*: http://arte.folha.uol.com.br/poder/operacao-lava-jato/

investing subsidiary BNDESPAR (*BNDES Participações S.A.*), or through other public firms, banks and funds.

In firms such as Petrobras, Vale and Embraer, the Brazilian government is the controlling shareholder.

Stock Exchange Listings

All the ranked firms are listed on the São Paulo Stock Exchange (BM&FBOVESPA), firstly because most of the greatest Brazilian multinational enterprises are publicly traded, and secondly because adequate information was not available about unlisted firms.

Vale, Gerdau, Petrobras, JBS, BRF, Marfrig, Minerva, Magnesita, Iochpe-Maxion, Weg, and Valid are also listed on the New York Stock Exchange (NYSE) via American Depositary Receipt (ADR) (Annex Table 3).

Official Language

The official language of all the top 20 Brazilian multinational firms is Portuguese.

CEO and Board of Directors

The average number of board members is 8.55. Randon is the firm that has the lowest number of board members: five. Vale, Embraer and Duratex are the companies that have the greatest number of board members: eleven each.

Most of the analyzed enterprises do not have any kind of publicly available policy on promoting female executives or increasing the number of female board members.

Maria Graça Foster, CEO of Petrobras in 2014, was the only female CEO among the top 20 Brazilian multinational enterprises (Annex Table 4). However, in February 2015, under pressure due to the corruption scandal involving Petrobras, Ms. Foster was replaced by Mr. Aldemir Bendine.

Only six of the top 20 Brazilian multinational enterprises have one or more women on their board of directors, with the highest number being two (out of eight) at Marcopolo (Annex Table 4).

All CEOs of the top 20 Brazilian multinational enterprises were born in Brazil. Six of the top 20 Brazilian multinational enterprises have foreign nationals on their board of directors, with the highest number being two (out of nine) at Marfrig (Annex Table 4).

Among the CEOs of the top 20 Brazilian multinational firms, one has completed an undergraduate degree abroad, in Uruguay, and nine others (totaling ten) hold either a graduate degree or have had some sort of professional training from abroad.

Industries

As shown in Table 1, of the top 10 Brazilian multinational enterprises in the ranking, seven are either from the food manufacturing industry or the mining, quarrying, oil and gas industries.

The other companies are distributed in other industries: five firms are in the transportation equipment manufacturing industry; and there is one firm in each of the following additional industries: primary metal manufacturing, chemical manufacturing, merchant wholesalers of nondurable goods, leather and allied product manufacturing, furniture and related product manufacturing, printing and related support activities, machinery manufacturing, and textile mills.

Countries Where Firms Have Operations

We have considered either a plant, a commercial subsidiary, a business office, or a distribution center as constituting operations in other countries.

The main countries where the top 20 Brazilian multinational enterprises have operations are: (1) United States – 18 out of the top 20 firms; (2) Argentina – 16 out of the top 20 firms; (3) Mexico and China – 13 firms have operations in each of these countries; (4) Chile and United Kingdom – 10 out of the top 20 firms (Annex Table 2; Annex Figure 2).

The main markets for Brazilian exports are the United States and China, which explains the large presence of Brazilian multinational firms in these countries as a strategy to achieve proximity to their main customers.

There is also a significant presence of the Brazilian multinational enterprises in Latin American countries such as Argentina, Mexico, Chile and Colombia. This is due to the geographical, institutional and cultural proximity to neighboring countries, especially with Argentina, a significant market for Brazilian manufactured goods. Almost all companies, 19 out of the top 20 firms, have operations in at least one of the Latin American countries.

The meat processing firms and slaughterhouses have significant assets in the United Arab Emirates to serve the important Middle East market, a large consumer of poultry.

Foreign Assets

In 2014, the top 20 Brazilian multinational enterprises altogether totaled US$ 120,672 million (2.5265 Brazilian reais per US dollar) in foreign assets, which represented a decrease of 10.2% compared to US$ 134,365 million in 2013 (2.1915 Brazilian reais per US dollar) and a reduction of 15.5% compared to US$ 142,880 million (1.9555 Brazilian reais per US dollar) in 2012. If we exclude the effect of the exchange rate variation by using a constant exchange rate in 2014, there would have been an increase of 3.5% and 9.1% in comparison to 2013 and 2012, respectively.

On average, in 2014 the foreign assets of the ranked firms accounted for 30% of the ranked firms' total assets. Among these firms, Minerva was the company with the highest proportion of overseas assets, with foreign assets constituting 81% of its total assets, while Vale was the company with the highest absolute value of foreign assets in 2014.

Foreign Sales

In 2014, the top 20 Brazilian multinational enterprises altogether reported US$ 113,927 million (2.5265 Brazilian reais per US dollar) in foreign sales (including exports), which represented a decrease of 4.2% compared to US$ 118,964 million in 2013 (2.1915 Brazilian reais per US dollar) and a reduction of 4.1% compared to US$ 118,758 million (1.9555 Brazilian reais per US dollar) in 2012. If we exclude the effect of the exchange rate variation by using a constant exchange rate in 2014, there would have been an increase of 10.4% and 23.9% in comparison to 2013 and 2012, respectively.

On average, in 2014 the foreign sales (including exports) of the ranked firms represented 48% of their total net sales; Vale was the company with the highest proportion of overseas sales, with 84% of its total sales constituting foreign sales in 2014.

Foreign Employees

In 2014, the top 20 Brazilian multinational enterprises altogether had 201,343 employees abroad, which represented an increase of 3.0% compared to 195,566 employees in 2013 and a growth of 4.5% compared to 192,748 employees in 2012.

On average, in 2014 the foreign employees (excluding outsourced, temporary and seasonal employees) of the ranked firms represented 22% of the 20 firms' total employees. Marfrig was the company with the highest proportion of overseas workers (60%), while JBS was the firm with the greatest absolute number of foreign employees (91,680).

Transnationality Index (TNI)

On average, in 2014 the Transnationality Index (TNI) – which is calculated as the average of the ratios of foreign assets to total assets, foreign employment to total employment, and foreign sales to total sales – of the top 20 Brazilian multinational enterprises was 32%; Gerdau was the company with the highest score of 57%.

Comparison with Mexican Multinational Enterprises

Comparing our results with the data on Mexican multinational enterprises (EMPG Report Mexico, 2015[7]), the top 20 Brazilian multinational firms held less foreign assets in terms of value than the leading Mexican firms in 2013. The total value of the foreign assets of the 20 largest Brazilian multinational enterprises was US$ 134 billion in 2013, against US$ 142 billion of the top 20 Mexican multinational firms in the same year. In relative figures, on average, in 2013 the foreign assets of the top 20 Brazilian multinational firms accounted for 30% of the ranked firms' total assets, while the foreign assets of the 20 largest Mexican firms accounted for 39% of the ranked companies' total assets.

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[7] Source: Emerging Market Global Players – EMPG Report – Mexico, June 2015: Columbia University. Available at: http://ccsi.columbia.edu/files/2015/06/EMGP-Mexico-Report-June-2015-Final.pdf.

This gap can be explained in part by the size of the Brazilian domestic market, since the value of total assets of the top 20 Brazilian multinational firms in 2013 was US$ 605 billion, almost twice as much the US$ 304 billion of the 20 largest Mexican multinational enterprises in the same year.

In Brazil the top five multinational enterprises in 2013 represented 90% of the total foreign assets of the top 20 firms. A similar concentration is apparent in Mexico, where the largest five multinational firms accounted for 82% of the total foreign assets.

Table 2 – Brazil: Transnationality Index (TNI) of the top 20 non-financial multinationals, 2014

Rank by Foreign Assets	Company	Industry	FA/TA	FS/TS	FE/TE	TNI
1	**Vale**	**Mining (except Oil and Gas)**	51%	84%	22%	**52%**
2	**Gerdau**	**Primary Metal Manufacturing**	61%	61%	50%	**57%**
3	**Petrobras**	**Oil and Gas Extraction**	4%	10%	9%	**8%**
4	**JBS**	**Food Manufacturing**	30%	84%	44%	**52%**
5	**BRF SA**	**Food Manufacturing**	38%	46%	4%	**29%**
6	**Marfrig**	**Food Manufacturing**	39%	27%	60%	**42%**
7	**Minerva**	**Food Manufacturing**	81%	69%	16%	**56%**
8	**Magnesita SA**	**Mining (except Oil and Gas)**	68%	68%	23%	**53%**
9	**Embraer**	**Transportation Equipment Manufacturing**	14%	79%	11%	**35%**
10	**Tupy**	**Transportation Equipment Manufacturing**	58%	73%	25%	**52%**
11	**Iochpe-Maxion**	**Transportation Equipment Manufacturing**	45%	68%	49%	**54%**
12	**Weg**	**Machinery Manufacturing**	23%	48%	25%	**32%**
13	**Ultrapar**	**Chemical Manufacturing**	6%	1%	5%	**4%**
14	**Natura**	**Merchant Wholesalers, Nondurable Goods**	13%	19%	21%	**17%**
15	**Marcopolo**	**Transportation Equipment Manufacturing**	19%	34%	9%	**21%**
16	**Alpargatas**	**Leather and Allied Product Manufacturing**	20%	31%	22%	**24%**
17	**Coteminas**	**Textile Mills**	17%	29%	6%	**17%**
18	**Duratex**	**Furniture and Related Product Manufacturing**	4%	10%	0%	**5%**
19	**Valid**	**Printing and Related Support Activities**	15%	35%	17%	**22%**
20	**Randon Part**	**Transportation Equipment Manufacturing**	3%	13%	12%	**10%**
		Average	**30%**	**44%**	**21%**	**32%**

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013,[8] and primary data through questionnaires.

The difference between both countries is even greater when we look at the numbers of foreign employees. While in 2013 the top 20 Brazilian multinational firms had 195,556 foreign employees, the top 20 Mexican multinational enterprises had 313,147 foreign employees. In relative figures, on average, in 2013 the foreign employees of the top 20 Brazilian multinational firms accounted for 21% of the ranked firms' total employees, while the foreign employees of the 20 largest Mexican firms accounted for 35% of the ranked companies' total employees.

However in 2013 the top 20 Brazilian multinational firms had more foreign sales than the largest 20 Mexican multinational enterprises. While the top 20 Brazilian multinational firms had foreign sales of US$ 119 billion in 2013, the largest 20 Mexican multinational enterprises showed foreign sales of US$ 98 billion in the same year. It is important to note, however, that out of the top-20 Mexican multinational enterprises, there are only four firms whose foreign sales included exports. In contrast, in the ranking of Brazilian firms,

[8] Available at:
http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, at http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and at: http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf

available data did not permit us to distinguish between foreign sales by overseas affiliates and exports.

These results show that exports play an important role for the Brazilian multinational firms: despite having less foreign assets in terms of value of those assets, the Brazilian ranked firms showed more foreign sales.

Nonetheless in relative figures, on average, in 2013 the foreign sales of the top 20 Brazilian multinational firms accounted for 43% of the ranked firms' total sales, while the foreign sales of the 20 largest Mexican firms accounted for 49% of the ranked companies' total sales. If we consider only the four Mexican firms whose foreign sales include exports, on average, the foreign sales accounted for 66% of the total sales.

As a result, on average, in 2013 the TNI of the top 20 Mexican multinational firms (excluding 8 companies in which either the foreign sales or the foreign employee data was not available) was 46%, a greater number than the 31% calculated for the top 20 Brazilian multinational enterprises in the same year.

Regarding the geographical distribution, in 2013 other Latin-American countries were the main destination of the top 20 Mexican multinational enterprises' investments, followed by the United States. A similar pattern is found regarding the Brazilian multinational firms, although the Brazilian firms had a higher penetration in Asian countries as compared to the Mexican firms.

When we analyze the foreign assets' distribution by industry in 2013, in Mexico the telecommunication industry, represented by América Móvil, accounted for 39% of the total foreign assets of the top 20 Mexican multinational enterprises, followed by non-metallic minerals (23%), beverages (11%), mining (10%) and food (7%). We note that the foreign assets of the top 20 Brazilian multinational firms are more concentrated in raw materials and commoditized products.

With respect to state ownership, the Mexican state only owned shares (100%) in a single company, PEMEX. This represents significantly less state involvement in ownership of major firms than is evidenced among the top 20 Brazilian firms.

R&D Activities

There is a concentration of countries that Brazilian firms used to allocate their R&D activities. The countries that typically attract this type of investment from Brazilian firms are Canada, Germany, the Netherlands, the United Kingdom and the United States. Other countries seeing R&D-driven investments from Brazil include China, the United Arab Emirates and Australia and, within Latin America, Argentina, Chile, Mexico, Peru and Uruguay.

In addition, seeking stronger intellectual property protection abroad, Brazilian companies often register their trademarks and patents in three major markets: the United States, some of the European Union member states, such as Germany and Netherlands, and other Latin American countries (Chile and Argentina for instance).

Economic and Political Risks Impacting Investments Abroad

The main strategies reported by parent firms in our survey to address political risks are constant monitoring and assessment of the political scenario in host countries. Some firms, regardless of size and industry, also answered that they have guidelines for not investing in countries with high political or economic instability. Other strategies commonly used to mitigate the risk are association with business groups in the host country, and investment diversification in different countries.

Compliance

Most of the top 20 Brazilian multinational enterprises have made changes in their company's management structure to ensure that it complies with the highest international standards of responsible business conduct, including compliance with host-country laws and regulations and also with home- and host-country expectations that go beyond the law.

Among the most mentioned measures are launching of new ethical and compliance codes, establishing international ethics and compliance committees, making mandatory training available in various languages in all host countries, increasing the importance of legal advice in conducting international business and creating key performance indicators (KPIs) on sustainability.

The firms Duratex, Embraer, Gerdau, Natura and Weg, for example, are part of the Corporate Sustainability Index[9] (ISE – *Índice de Sustentabilidade Empresarial*) of the São Paulo Stock Exchange (BM&F BOVESPA). The Corporate Sustainability Index (ISE) aims to meet the demands of sustainable development and foster corporations to be ethically responsible.

The index can be used to analyze the performance of the listed firms, based on economic efficiency, environmental equilibrium, social justice and corporate governance.

Attributes of Success in Foreign Markets

Among the important attributes of success in foreign markets, the best rated by the respondents of our survey were: (1) relationships with customers (93.3% of the respondents rated this as very important); (2) cost management (87.5% of the respondents rated this as very important); (3) competitive pricing (81.3% of the respondents rated this as very important); (4) relationship with local employees (68.8% of the respondents rated this as very important); and (5) access to distribution channels (62.5% of the respondents rated this as very important).

[9] Description available at:
http://www.bmfbovespa.com.br/indices/ResumoIndice.aspx?Indice=ISE&Idioma=en-us

Table 3 - Brazil: Snapshot of the top 20 multinationals, 2012-2014 (US$ million[10] and number of employees[11])

Variables	2014	2013	2012	2014 vs. 2013	2014 vs. 2012	2013 vs. 2012
Assets						
Foreign Assets	120,672	134,365	142,880	-10.2%	-15.5%	-6.0%
Total Assets	562,706	604,780	611,087	-7.0%	-7.9%	-1.0%
Share of Foreign in Total (%)	21.4%	22.2%	23.4%	-0.77 p.p	-1.94 p.p	-1.16 p.p
Sales						
Foreign Sales (including exports)	113,927	118,964	118,758	-4.2%	-4.1%	0.2%
Total Net Sales	306,376	325,339	333,096	-5.8%	-8.0%	-2.3%
Share of Foreign in Total (%)	37.2%	36.6%	35.7%	0.62 p.p	1.53 p.p	0.91 p.p
Employment						
Foreign Employees	201,343	195,566	192,748	3.0%	4.5%	1.5%
Total Employees	751,542	744,218	740,465	1.0%	1.5%	0.5%
Share of Foreign in Total (%)	26.8%	26.3%	26.0%	0.51 p.p	0.76 p.p	0.25 p.p
Exchange Rate (Price in R$ for each USD)	2.5265	2.1915	1.9555	15.3%	29.2%	12.1%

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013[12], and primary data through questionnaires.
Note: p.p. denotes percentage points.

Table 4 - Brazil: Snapshot of the top 20 multinationals, 2012-2014 (US$ million[13] and number of employees[14]) – fixed 2014 exchange rate

Variables	2014	2013	2012	2014 vs. 2013	2014 vs. 2012	2013 vs. 2012
Assets						
Foreign Assets	120,672	116,549	110,589	3.5%	9.1%	5.4%
Total Assets	562,706	524,590	472,979	7.3%	19.0%	10.9%
Share of Foreign in Total (%)	21.4%	22.2%	23.4%	-0.77 p.p	-1.94 p.p	-1.16 p.p

[10] The exchange rate used was the average of the official Brazilian exchange rate (Ptax) published by Brazilian Central Bank, measured as the average of the exchange rate on the first working day of the year, and the exchange rate on the last working day of the year (R$2.5265 for each US$ in 2014; R$2.1915 for each US$ in 2013, and R$1.9555 for each US$ in 2012).
[11] We do not consider outsourced or temporary (seasonal) employees.
[12] Available at: http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, at http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and at: http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf
[13] The exchange rate used was the average of the official Brazilian exchange rate (Ptax) published by Brazilian Central Bank, measured as the average of the exchange rate on the first working day of the year, and the exchange rate on the last working day of the year (R$2.5265 for each US$ in 2014).
[14] We do not consider outsourced or temporary (seasonal) employees.

Sales						
Foreign Sales (including exports)	113,927	103,190	91,919	10.4%	23.9%	12.3%
Total Net Sales	306,376	282,201	257,815	8.6%	18.8%	9.5%
Share of Foreign in Total (%)	37.2%	36.6%	35.7%	0.62 p.p	1.53 p.p	0.91 p.p
Employment						
Foreign Employees	201,343	195,566	192,748	3.0%	4.5%	1.5%
Total Employees	751,542	744,218	740,465	1.0%	1.5%	0.5%
Share of Foreign in Total (%)	26.8%	26.3%	26.0%	0.51 p.p	0.76 p.p	0.25 p.p
Exchange Rate (Price in R$ for each US$)	2.5265	2.5265	2.5265	0.0%	0.0%	0.0%

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013[15], and primary data through questionnaire.
Note: p.p. denotes percentage points.

Total foreign sales include exports. It was not possible to estimate the share of exports in the total value of the foreign sales of the top 20 Brazilian multinational enterprises because the firms did not report this information separately. Moreover, in our numbers we did not consider either outsourced or temporary (seasonal) employees.

The Big Picture

Overview and Historical Background of Internationalization

In Brazil, the first internationalization efforts date back to the nineteenth century, when the Baron of Mauá, a Brazilian entrepreneur in infrastructure and financial sectors, invested in the Plata River region (an area that covers part of Argentina and Uruguay).

However, it was only after the 1960s that Brazilian companies began to internationalize regularly as a consequence of the country's import substitution policy. In this context, the internationalization process consisted mainly of the exportation of the production surplus of commodities, such as raw materials.

In the 1970s, government incentives to promote exports were important measures encouraging the internationalization process of Brazilian companies, especially in industries such as engineering and construction in African and Middle Eastern markets. Nevertheless, until the early 1980s, Brazilian investments abroad were low and primarily came from Petrobras, financial institutions, construction firms and other state-owned enterprises.

[15] Available at:
http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf

Since the mid-1990s, the internationalization of Brazilian firms has gained strength. This trend emerged due to several important developments including the opening of the country to other markets, economic modernization, achievement of economic stability, and integration with other South American countries that resulted in the creation of Mercosur, a sub-regional economic bloc.

With the rise in market integration, there was a need for national companies to be more competitive in order to face international competition. However, foreign direct investment by Brazilian enterprises – one strategy adopted by firms to increase their competitiveness – did not see significant growth until the mid-2000s, when Brazilian companies began to more actively engage in foreign countries (Annex Figures 4 and 5). Through the first half of the 2000s, in general, Brazilian firms showed a low degree of greenfield investment (Annex Figures 4 and 5; Hiratuka & Sarti, 2011[16]).

The internationalization of Brazilian firms usually relied on the exportation of commoditized products and raw materials, which was led by large family groups and state-owned enterprises in a few industries, such as oil and gas, construction, mining, food manufacturing, and finance. (Annex Figure 1; Stal, 2010[17]).

As we can see in Table 5, small and medium-sized Brazilian enterprises still have a low participation in foreign markets as compared to large firms (Floriani & Fleury, 2012[18]; Almeida, 2007[19]; *Serviço Brasileiro de Apoio às Micro e Pequenas Empresas* – SEBRAE, 2014[20]). While they are increasingly investing abroad, exports remain the most common form of international activity by these firms.

Table 5 - Value Exported by Firm Size - (US$ millions)

Size/Years	2013	2012	2011	Var. % 2013 vs. 2012	% total (2013)
Small Firms	2,027.0	2,097.2	2,231.3	-3.35%	0.8%
Medium-Sized Firms	24,085.3	25,965.5	24,725.5	-7.24%	10.0%
Large Firms	201,079.7	197,324.7	208,461.9	1.90%	83.1%
Others	14,708.0	16,690.6	20,215.3	-11.88%	6.1%
TOTAL	**241,900.0**	**242,078.0**	**255,634.0**	**-0.07%**	**100.0%**

Source: *Serviço Brasileiro de Apoio às Micro e Pequenas Empresas* – SEBRAE, 2014: p. 24

The cultural similarity to other countries in South America is an important factor that can help to explain the international expansion of Brazilian firms to neighboring areas. In

16 Hiratuka, C., & Sarti, F. (2011). *Investimento direto e internacionalização de empresas brasileiros no período recente* (No. 1610). Texto para Discussão, Instituto de Pesquisa Econômica Aplicada (IPEA).

17 Stal, E. (2010). Internacionalização de empresas brasileiras e o papel da inovação na construção de vantagens competitivas. *RAI: Revista de Administração e Inovação*, *7*(3), 120-149.

18 Floriani, D. E. & Fleury, M. T. (2012). O efeito do grau de internacionalização nas competências internacionais e no desempenho financeiro da PME brasileira. *RAC: Revista de Administração Contemporânea*,*16*(3), 438-458.

19 Almeida, A. (2007). *Internacionalização de empresas brasileiras: perspectivas e riscos*. Elsevier.

20 Serviço Brasileiro de Apoio às Micro e Pequenas Empresas – SEBRAE. (2014). As micro e pequenas empresas na exportação brasileira. Brasil: 1998-2013. Available at: http://www.sebrae.com.br/Sebrae/Portal%20Sebrae/Anexos/As%20MPE%20na%20expota%C3%A7%C3%A3o%20brasileira_Brasil_2013.pdf

addition to China and the United States, the main foreign markets for Brazil, most of Brazil's multinational enterprises have operations in Latin America, especially in Argentina. This shows some preference for acting in Latin countries, which possess some cultural traits that are similar to Brazil's.

Brazil and Argentina have historical and cultural similarities, and are neighboring countries. Relations between Brazil and Argentina cover many dimensions, such as: economy, trade, education, culture, tourism, defense, science and technology, among others. Brazil is the main trading partner of Argentina, and Argentina is the third largest trading partner of Brazil.

Brazilian companies looking to expand their activities to other countries must face challenges such as high competitiveness in mature markets, double taxation of profits abroad due to the small number of treaties with other countries to avoid double taxation, and difficulties in securing financing. In addition, there are barriers to the internationalization process, including the lack of technical and managerial staff properly trained to operate in foreign markets, the lack of expression of national brands, and, last but not least, the high cost of domestic financing, which makes it difficult to sustain operations in other countries, especially for small firms.

In Brazil, availability of long-term financing is scarce, and is generally limited to loans supported by the government, for instance, loans provided by the Brazilian National Development Bank (BNDES – *Banco Nacional de Desenvolvimento Econômico e Social*). The loans are commonly directed to large companies. Moreover, the Brazilian capital market is still small compared to other developed countries.

The main benefits that a Brazilian company can enjoy when expanding internationally are access to new markets, and the acquisition of knowledge and new technologies.

Government Support for Internationalization

Many emerging market governments see the international competitiveness of firms as an important factor that can help to explain the performance and development of a country. For this reason, the Brazilian government has, since 2002, intensified its support in the internationalization process. The federal government, for instance, does this by providing firms with financial support through either equity or debt; and by providing political assistance to the firms that aim to invest abroad through greenfield investments or mergers and acquisitions. In 2002, for example, BNDES created the Program to Support the Investment of Brazilian Companies Abroad (*Programa de Apoio a Investimentos de Empresas Brasileiras de Capital Nacional no Exterior*) in order to finance any type of investment in production facilities in foreign markets. Based on BNDES Export financing packages and state owner equity participation, there is significant evidence that the Brazilian government has been able to exert influence on the international strategies of the firms (Costa, 2012[21]).[22]

[21] Costa, Fernando Nogueira da. (2012). Capitalismo de estado neocorporativista. Texto para Discussão. Instituto de Economia da Unicamp. Campinas, nº 207. July.

The issue of the internationalization of national companies became explicit in the Productive Development Policy (*PDP – Política de Desenvolvimento Produtivo*) that was launched in 2007. The main objective of this policy was to encourage Brazilian firms of all sizes to be exporters or to invest in a foreign country. One of the institutions used by the Brazilian government to foster internationalization is BNDES and its investing subsidiary BNDESPAR (*BNDES Participações S.A.*). Together, these organizations provide financial assistance by means of debt with competitive interest rates and equity, respectively. For instance, BNDES has a direct equity stake in JBS. Under the pretext of improving the competitiveness of Brazilian firms, creating more jobs, and improving the results of the commercial balance, between 2009 and 2014, BNDES directed US$ 14.5 billion for financing exports and international activity.

Economic and Political Scenario

Brazil, which a few years ago became known as a promising high performance emerging country, has recently been experiencing a period of economic slowdown. The country's GDP grew by only 0.1% in 2014, the worst result since the fall of 0.2% in 2009 at the peak of the global financial crisis. The average Gross Domestic Product (GDP) growth has been around 2% in recent years (growth of 2.7% in 2013, 1.8% in 2012 and 3.9% in 2011).

Along with economic stagnation, there is strong pressure on prices in the domestic market. Even with the government controlling prices of key inputs such as gasoline, electricity and public transportation, inflation reached 6.6% in 2014, exceeding the target ceiling of 6.5% (two percentage points above the target of 4.5%) set by the government.

In an effort to control inflation, the government has been increasing the reference interest rate of the Brazilian economy (Selic) since April 2013. In 2014, the Selic rate reached 11.25% per year, the highest level since October 2011. Brazilian household consumption grew by only 0.9% in 2014, whereas this expansion was 2.9% in 2013. Aggregate income also increased by 4.1% in 2014. On the other hand, credit is no longer growing in real terms.

Brazilian exports fell 7% in 2014, and imports decreased 4% in comparison to 2013. This can be attributed to the fact that, in volume, the world (especially China) is buying less, and commodities prices have fallen.

In light of drop in domestic production, low imports of capital goods (machinery and equipment) and a negative performance of the construction industry, investments in Brazil fell 4.4% in 2014.

This fall in investments was the worst result in 16 years, since 1999, when a decline of 8.9% was registered. In 2013, investment had grown 6.1%, according to the Brazilian Institute of Geography and Statistics (IBGE – *Instituto Brasileiro de Geografia e*

[22] See, for instance, Luo, Y., Xue, Q., & Han, B. (2010). How emerging market governments promote outward FDI: Experience from China. *Journal of World Business*, *45*(1), 68-79; also, Rasiah, R., Gammeltoft, P., & Jiang, Y. (2010). Home government policies for outward FDI from emerging economies: lessons from Asia. *International Journal of Emerging Markets*, *5*(3/4), 333-357.

Estatística). The proportion of these investments of GDP stood at 19.7% in 2014, slightly lower than 20.5% registered in 2013. As a consequence of this decline of confidence and economic performance, in March 2014, Standard & Poor's downgraded the Brazilian rating from BBB to BBB-.

For Brazilian multinational enterprises, already limited sources of funding, especially long-term, have been dwindling. Moreover, the cost of capital has increased, which has forced firms to abort or postpone investment projects. Consequently, as we can see in Annex Figure 4, outward FDI flows have declined in recent years.

Furthermore, the United States has been growing more than expected, and the pressure caused by a likely increase of American interest rates is an issue for the Brazilian market, since this is projected to drain much foreign capital from the country.

Finally, corruption and the *Lava Jato* operation[23] have also affected political stability. The *Lava Jato* operation is the biggest corruption investigation conducted in Brazil to date. Triggered on March 17, 2014 by the Brazilian Federal Police, it began with the investigation of individuals who bought and sold dollars on the unofficial market. The investigation has since alleged the existence of a vast corruption scheme at Petrobras, involving politicians from various parties and the largest construction firms in Brazil, including Odebrecht, Andrade Gutierrez, Camargo Correa, OAS, Queiroz Galvão, among others.

According to federal prosecutors, the executives and managers of Petrobras charged bribes from construction firms that were organized into a cartel, and from other suppliers, in order to facilitate their business with that state-owned enterprise. This investigation may require eventual revision of Petrobras' annual report.[24]

This atmosphere creates a great distrust and discontent with the public administration in Brazil, thus generating strong popular pressure on the government. This political uncertainty may consequently affect the support given by the Brazilian government to local multinationals, raising the cost of investing abroad.

Brazilian MNE strategies

Brazilian firms' investments abroad were affected by various factors including: the decline in demand in major customer markets such as China; the instability of the exchange rate in certain host countries in Asia and Latin-America; and the difficulty in obtaining financing for their projects, due to both the limited supply of long-term financing alternatives in Brazil, and to the worsening economic conditions of the country.

[23] Source: http://arte.folha.uol.com.br/poder/operacao-lava-jato/

[24] For this ranking, we used the latest public information released in Patrobras' annual report of 2014, and available from the Bloomberg database.

Limitations in infrastructure also created challenges for multinational enterprises that rely on ports, railways and airports to trade their products. The transportation system in Brazil is unsafe, expensive and time consuming, creating problems for firms operating in the country. In order to ameliorate these problems, the government has been developing management partnerships, and port and airport concessions with the private sector.

Furthermore, bureaucracy and a complex tax system are some other factors that contribute to the loss of efficiency of Brazilian multinationals. Brazil, for instance, was classified in the 178th position among other 189 economies in the World Bank's 2016 ranking of countries based on "Paying Taxes", one of the indicators used to assess the ease of "Doing Business" in different countries.[25] The taxation indicator seeks to measure the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden associated with paying those taxes..

In order to respond to these diverse challenges, companies have been adopting similarly varied strategies.

Some firms, for example, have sold some of their non-strategic assets in order to specialize in more profitable sectors. According to recent research conducted by Ernst & Young,[26] such divestments could be an important component of a firm's capital strategy, as a response to pressure to improve the performance and increase the return to shareholders. BRF and Petrobras followed this route.

Another way that Brazilian multinational firms have found to overcome challenges at home and/or abroad has been to invest in technology, products, brands and in process innovations.

In the food manufacturing industry, for example, companies have been investing in the adoption of new technologies, automation, improved logistics and cost management in order to maintain their growth and competitiveness. Leading companies in the industry such as JBS, Marfrig and Minerva are constantly working on reducing costs and are expanding their production to Latin American countries, especially Argentina, to meet international demand. Partnerships, joint ventures and mergers and acquisitions are common in this industry.

Innovation and the adoption of new technologies are also strategies used by companies in the consumer industry. Moreover, the adoption of values such as sustainability and biodiversity can bring competitive advantage to the firms not only in the domestic markets, but also in the foreign ones. Natura, for example, invests in an ambitious program for sustainable development in the Amazon forests, and has sought to use the Amazon's biodiversity as a "technological platform" for research and development.

Brazilian multinationals can also adopt new technologies developed or acquired abroad to reduce their cost and to increase efficiency and invest in the development of new

[25] Available at: http://www.doingbusiness.org/data/exploreeconomies/brazil
[26] Available at: http://www.valor.com.br/empresas/3934790/maioria-das-empresas-deve-optar-por-desinvestimento-em-2015-diz-ey

products/services and brands abroad. This is what Embraer has been doing, since part of the design and the development of its aircrafts is conducted abroad along with its international suppliers in both developed countries such as United States, and in developing countries such as China. This strategy also allows the firm to be closer to its clients. In addition, joint ventures can provide another avenue for accessing foreign markets and acquiring new technology.

Firms in the machinery and equipment manufacturing industry have been using international expansion as a source of acquisition of new technologies and markets. Weg, for instance, is a company that has guided its growth by diversification. Targeting new markets and technologies, Weg has been expanding internationally through acquisitions. In February 2014, the company announced an agreement to acquire *Württembergische Elektromotoren GmbH*, a German engine manufacturer. In addition, the company also plans to invest in operations in Asia and Mexico.

Marcopolo is another example. One of its strategies is to increase its production abroad rather than exporting from Brazil, given the limitations in Brazil's internal infrastructure, coupled with high taxes and bureaucracy. The main targeted countries for Marcopolo are in Latin America, such as Chile and Peru.

Perspectives and Trends

Although the current economic and political situation is complex, it is important to mention that, over the past two decades, Brazil has made important achievements such as developing a stable democracy, a society intolerant to inflation, a free press, and an independent judicial system. These solid institutions will likely help Brazil's economy recover from present turbulence.

In the current stagnant economy as discussed above, Brazilian multinational enterprises may seek alternatives in foreign markets to reduce the dependency on and vulnerability to local performance. The main ways through which Brazilian firms have been increasing their presence abroad have been through the establishment of sales offices, construction of new export platforms (production units in regions where the labor cost is lower), and mergers and acquisitions to access more diversified foreign customer markets.

For the next few years, due to ongoing corruption investigations, the country's largest construction firm and Petrobras may not lead the new wave of foreign direct investment. As the federal government's budget has deteriorated and in light of the high volatility of exchange rate, Brazilian multinational enterprises will likely experience difficulty obtaining support from Brazilian government agencies to help them to access foreign markets. Thus, to continue their international expansion, Brazilian companies will likely need to access other sources of financing, become more competitive abroad, and partner with foreign companies through contractual agreements and joint ventures.

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Emerging Markets Global Players Project

This report on Brazilian multinationals was prepared under the framework of the Emerging Market Global Players (EMGP) Project, a collaborative effort led by the Columbia Center on Sustainable Investment (CCSI). It brings together researchers on FDI from leading institutions in emerging markets to generate annual reports on the top multinationals in each participating country. Since 2007, reports on 14 economies have been published: Argentina, Brazil, Chile, China, Hungary, India, Israel, Korea, Mexico, Poland, Russia, Slovenia, Taiwan, and Turkey. For further information, visit: http://www.ccsi.columbia.edu/content/emerging-market-global-players.

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Annex Table 1. Brazil: The top 27 multinationals: Key variables, 2014 (US$ million[27] and number of employees[28])

Rank by Foreign Assets	Company	Foreign Assets	Total Assets	FA/TA	Foreign Sales[29]	Total Sales	FS/TS	Foreign Employees	Total Employees	FE/TE	TNI	No. of Host Countries
1	**Vale**	62,704	122,468	51%	29,421	34,939	84%	16,766	76,531	22%	52%	26
2	**Gerdau**	15,254	24,952	61%	10,338	16,840	61%	19,892	40,061	50%	57%	14
3	**Petrobras**	13,676	314,021	4%	12,768	133,489	10%	6,997	80,908	9%	8%	18
4	**JBS**	9,632	32,473	30%	39,862	47,682	84%	91,680	208,503	44%	52%	13
5	**BRF SA**	5,450	14,290	38%	5,274	11,481	46%	4,052	105,887	4%	29%	7
6	**Marfrig**	3,084	7,990	39%	2,260	8,341	27%	27,605	45,666	60%	42%	15
7	**Minerva**	2,307	2,859	81%	1,921	2,766	69%	2,340	14,210	16%	56%	11
8	**Magnesita SA**	1,789	2,616	68%	777	1,137	68%	1,631	7,227	23%	53%	26
9	**Embraer**	1,504	10,945	14%	4,699	5,912	79%	2,073	19,167	11%	35%	9
10	**Tupy**	1,141	1,964	58%	895	1,233	73%	3,126	12,368	25%	52%	3
11	**Iochpe-Maxion**	1,119	2,489	45%	1,583	2,340	68%	7,329	14,913	49%	54%	16
12	**Weg**	1,054	4,664	23%	1,477	3,103	48%	7,362	29,572	25%	32%	32
13	**Ultrapar**	488	7,710	6%	371	26,810	1%	642	13,978	5%	4%	8
14	**Natura**	361	2,850	13%	558	2,932	19%	1,359	6,584	21%	17%	7
15	**Marcopolo**	339	1,757	19%	454	1,346	34%	1,889	21,435	9%	21%	11
16	**Alpargatas**	284	1,443	20%	453	1,469	31%	4,208	18,999	22%	24%	7
17	**Coteminas**	219	1,289	17%	276	970	29%	823	14,370	6%	17%	3
18	**Duratex**	131	3,482	4%	161	1,577	10%	4	11,135	0%	5%	3
19	**Valid**	76	513	15%	180	513	35%	1,131	6,525	17%	22%	4
20	**Randon Part**	61	1,929	3%	200	1,496	13%	434	3,503	12%	10%	11
21	**Pettenati**	47	145	32%	56	72	77%	580	1,895	31%	47%	1
22	**Metalfrio**	36	450	8%	162	349	46%	1,322	3,180	42%	32%	5
23	**Inds Romi**	36	510	7%	74	257	29%	268	2,056	13%	16%	9
24	**TOTVS**	33	849	4%	13	702	2%	216	7,261	3%	3%	3
25	**Bematech**	22	264	8%	15	168	9%	89	1,285	7%	8%	7
26	**Lupatech**	20	405	5%	39	152	26%	582	2,469	24%	18%	5
27	**Vulcabras**	18	503	4%	137	502	27%	2,604	19,745	13%	15%	5
	TOTAL/Average	**120,883**	**565.831**	**25%**	**114,422**	**308,577**	**41%**	**207,004**	**789,433**	**21%**	**29%**	**10**

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013[30], and primary data through questionnaire.

[27] The exchange rate used was the average of the official Brazilian exchange rate (Ptax) published by Brazilian Central Bank in 2014, measured as the average of the exchange rate on the first working day of the year, and the exchange rate on the last working day of the year (R$2.5265 for each US$ in 2014).

[28] We did not consider neither outsourced nor seasonal employees.

[29] Total Foreign Sales include exports. It was not possible to estimate the share of exports in the total value of the foreign sales of the top 27 Brazilian multinational enterprises.

[30] Available at: http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, at http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and at: http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf

Annex Table 2. Brazil: The top 27 multinationals: Number of host countries, 2014

Rank by Foreign Assets	Company	TOTAL	Developed Asia-Pacific	East Asia & The Pacific	Eastern Europe & Central Asia	Latin America & the Caribbean	Middle East & North Africa	North America	Other Europe	South Asia	Sub-Saharan Africa
1	**Vale**	**26**	2	4	0	4	2	2	3	5	4
2	**Gerdau**	**14**	0	0	0	10	0	2	1	1	0
3	**Petrobras**	**18**	1	1	0	8	0	1	2	1	4
4	**JBS**	**13**	1	1	0	5	0	2	2	1	1
5	**BRF SA**	**7**	0	0	0	4	1	0	2	0	0
6	**Marfrig**	**15**	1	3	0	4	1	1	3	2	0
7	**Minerva**	**11**	0	1	1	4	3	1	1	0	0
8	**Magnesita SA**	**26**	2	3	0	7	2	2	7	2	1
9	**Embraer**	**9**	0	1	0	0	1	1	5	1	0
10	**Tupy**	**3**	0	0	0	1	0	1	1	0	0
11	**Iochpe-Maxion**	**16**	1	2	2	3	0	1	4	2	1
12	**Weg**	**32**	2	2	2	7	1	1	11	4	2
13	**Ultrapar**	**8**	0	1	0	5	0	1	1	0	0
14	**Natura**	**7**	0	0	0	6	0	0	1	0	0
15	**Marcopolo**	**11**	1	1	1	3	1	2	0	1	1
16	**Alpargatas**	**7**	0	0	0	1	0	1	5	0	0
17	**Coteminas**	**3**	0	0	0	2	0	1	0	0	0
18	**Duratex**	**3**	0	0	0	1	0	1	1	0	0
19	**Valid**	**4**	0	0	0	2	0	1	1	0	0
20	**Randon Part**	**11**	0	1	0	3	3	1	1	0	2
21	**Pettenati**	**1**	0	0	0	1	0	0	0	0	0
22	**Metalfrio**	**5**	0	0	2	1	0	1	1	0	0
23	**Inds Romi**	**9**	0	1	0	1	0	1	6	0	0
24	**TOTVS**	**3**	0	0	0	2	0	1	0	0	0
25	**Bematech**	**7**	0	2	0	3	0	1	1	0	0
26	**Lupatech**	**5**	0	0	0	3	0	1	1	0	0
27	**Vulcabras**	**5**	0	0	0	4	0	1	0	0	0
	Average	**10**	**0**	**1**	**0**	**4**	**1**	**1**	**2**	**1**	**1**

Source: Firms' Annual Reports (*Formulários de Referência* and DFPs – *Demonstrações Financeiras Padronizadas*) and website.

Annex Table 3. Brazil: The top 27 multinationals: Stock exchange listing, 2014

Rank by Foreign Assets	Company	Domestic	Foreign
1	**Vale**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE) and Hong Kong Stock Exchange
2	**Gerdau**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE) and Bolsas y Mercados Españoles (BME)
3	**Petrobras**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE), Latibex (Spain) and Buenos Aires Stock Exchange (BCBA)
4	**JBS**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
5	**BRF SA**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
6	**Marfrig**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
7	**Minerva**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
8	**Magnesita SA**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
9	**Embraer**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
10	**Tupy**	São Paulo Stock Exchange (BM&FBOVESPA)	None
11	**Iochpe-Maxion**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
12	**Weg**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
13	**Ultrapar**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
14	**Natura**	São Paulo Stock Exchange (BM&FBOVESPA)	None
15	**Marcopolo**	São Paulo Stock Exchange (BM&FBOVESPA)	None
16	**Alpargatas**	São Paulo Stock Exchange (BM&FBOVESPA)	None
17	**Coteminas**	São Paulo Stock Exchange (BM&FBOVESPA)	None
18	**Duratex**	São Paulo Stock Exchange (BM&FBOVESPA)	None
19	**Valid**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
20	**Randon Part**	São Paulo Stock Exchange (BM&FBOVESPA)	None
21	**Pettenati**	São Paulo Stock Exchange (BM&FBOVESPA)	None
22	**Metalfrio**	São Paulo Stock Exchange (BM&FBOVESPA)	None
23	**Inds Romi**	São Paulo Stock Exchange (BM&FBOVESPA)	None
24	**TOTVS**	São Paulo Stock Exchange (BM&FBOVESPA)	None
25	**Bematech**	São Paulo Stock Exchange (BM&FBOVESPA)	None
26	**Lupatech**	São Paulo Stock Exchange (BM&FBOVESPA)	New York Stock Exchange (NYSE)
27	**Vulcabras**	São Paulo Stock Exchange (BM&FBOVESPA)	None

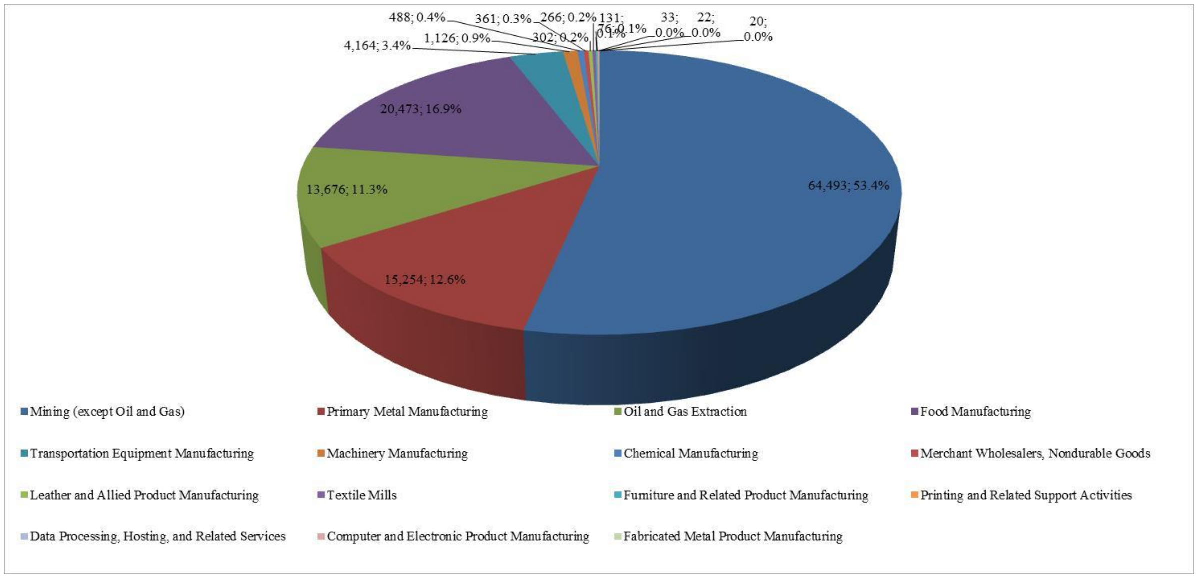
Source: Firms' Annual Reports (*Formulários de Referência*)

Annex Table 4. Brazil: The top 27 multinationals: CEO and Board of Directors' composition, 2014

Rank by Foreign Assets	Company	CEO – 2014	CEO Gender	Board Members	Men	Women	% Men	% Women	Brazilians	Foreigners	% Brazilians	% Foreigners
1	**Vale**	**Murilo Pinto de Oliveira Ferreira**	**Man**	**11**	11	0	100.0%	0.0%	10	1	90.9%	9.1%
2	**Gerdau**	**André Bier Gerdau Johannpeter**	**Man**	**6**	6	0	100.0%	0.0%	6	0	100.0%	0.0%
3	**Petrobras**	**Maria das Graças Foster**	**Woman**	**10**	10	0	100.0%	0.0%	10	0	100.0%	0.0%
4	**JBS**	**Wesley Mendonca Batista**	**Man**	**8**	8	0	100.0%	0.0%	7	1	87.5%	12.5%
5	**BRF SA**	**Pedro de Andrade Faria**	**Man**	**9**	9	0	100.0%	0.0%	8	1	88.9%	11.1%
6	**Marfrig**	**Martin Secco Arias**	**Man**	**9**	8	1	88.9%	11.1%	7	2	77.8%	22.2%
7	**Minerva**	**Fernando Galletti de Queiroz**	**Man**	**10**	10	0	100.0%	0.0%	10	0	100.0%	0.0%
8	**Magnesita SA**	**Octávio Cortes Pereira Lopes**	**Man**	**9**	9	0	100.0%	0.0%	8	1	88.9%	11.1%
9	**Embraer**	**Frederico Pinheiro Fleury Curado**	**Man**	**11**	10	1	90.9%	9.1%	11	0	100.0%	0.0%
10	**Tupy**	**Luiz Tarquinio Sardinha Ferro**	**Man**	**9**	8	1	88.9%	11.1%	8	1	88.9%	11.1%
11	**Iochpe-Maxion**	**Marcos Sergio de Oliveira**	**Man**	**9**	9	0	100.0%	0.0%	9	0	100.0%	0.0%
12	**Weg**	**Harry Schmelzer Jr.**	**Man**	**8**	8	0	100.0%	0.0%	8	0	100.0%	0.0%
13	**Ultrapar**	**Thilo Mannhardt**	**Man**	**9**	9	0	100.0%	0.0%	9	0	100.0%	0.0%
14	**Natura**	**Roberto Lima**	**Man**	**8**	7	1	87.5%	12.5%	8	0	100.0%	0.0%
15	**Marcopolo**	**José Rubens de la Rosa**	**Man**	**8**	6	2	75.0%	25.0%	8	0	100.0%	0.0%
16	**Alpargatas**	**Márcio Luiz Simões Utsch**	**Man**	**6**	6	0	100.0%	0.0%	6	0	100.0%	0.0%
17	**Coteminas**	**Josué Christiano Gomes da Silva**	**Man**	**8**	8	0	100.0%	0.0%	8	0	100.0%	0.0%
18	**Duratex**	**Antonio Joaquim de Oliveira**	**Man**	**11**	10	1	90.9%	9.1%	11	0	100.0%	0.0%
19	**Valid**	**José Roberto Mauro**	**Man**	**7**	7	0	100.0%	0.0%	7	0	100.0%	0.0%
20	**Randon Part**	**David Abramo Randon**	**Man**	**5**	5	0	100.0%	0.0%	5	0	100.0%	0.0%
21	**Pettenati**	**Otávio Ricardo Pettenati**	**Man**	**5**	4	1	80.0%	20.0%	5	0	100.0%	0.0%
22	**Metalfrio**	**Petros Diamantides**	**Man**	**5**	5	0	100.0%	0.0%	4	1	80.0%	20.0%
23	**Inds Romi**	**Luiz Cassiano Rando Rosolen**	**Man**	**8**	7	1	87.5%	12.5%	8	0	100.0%	0.0%
24	**TOTVS**	**Laércio José de Lucena Cosentino**	**Man**	**8**	7	1	87.5%	12.5%	8	0	100.0%	0.0%
25	**Bematech**	**Cleber Pereira de Morais**	**Man**	**7**	7	0	100.0%	0.0%	7	0	100.0%	0.0%
26	**Lupatech**	**Ricardo Doebeli**	**Man**	**5**	4	1	80.0%	20.0%	5	0	100.0%	0.0%
27	**Vulcabras**	**Pedro Bartelle**	**Man**	**5**	0	0	0.0%	0.0%	4	1	80.0%	20.0%
			Average	**7.93**	**7.33**	**0.41**	**91.0%**	**5.3%**	**7.59**	**0.33**	**95.7%**	**4.3%**

Source: Firms' Annual Reports (*Formulários de Referência* and DFPs – *Demonstrações Financeiras Padronizadas*) and website.

Annex Figure 1. Breakdown of the foreign assets of the top 27 multinationals, by main industries, 2014

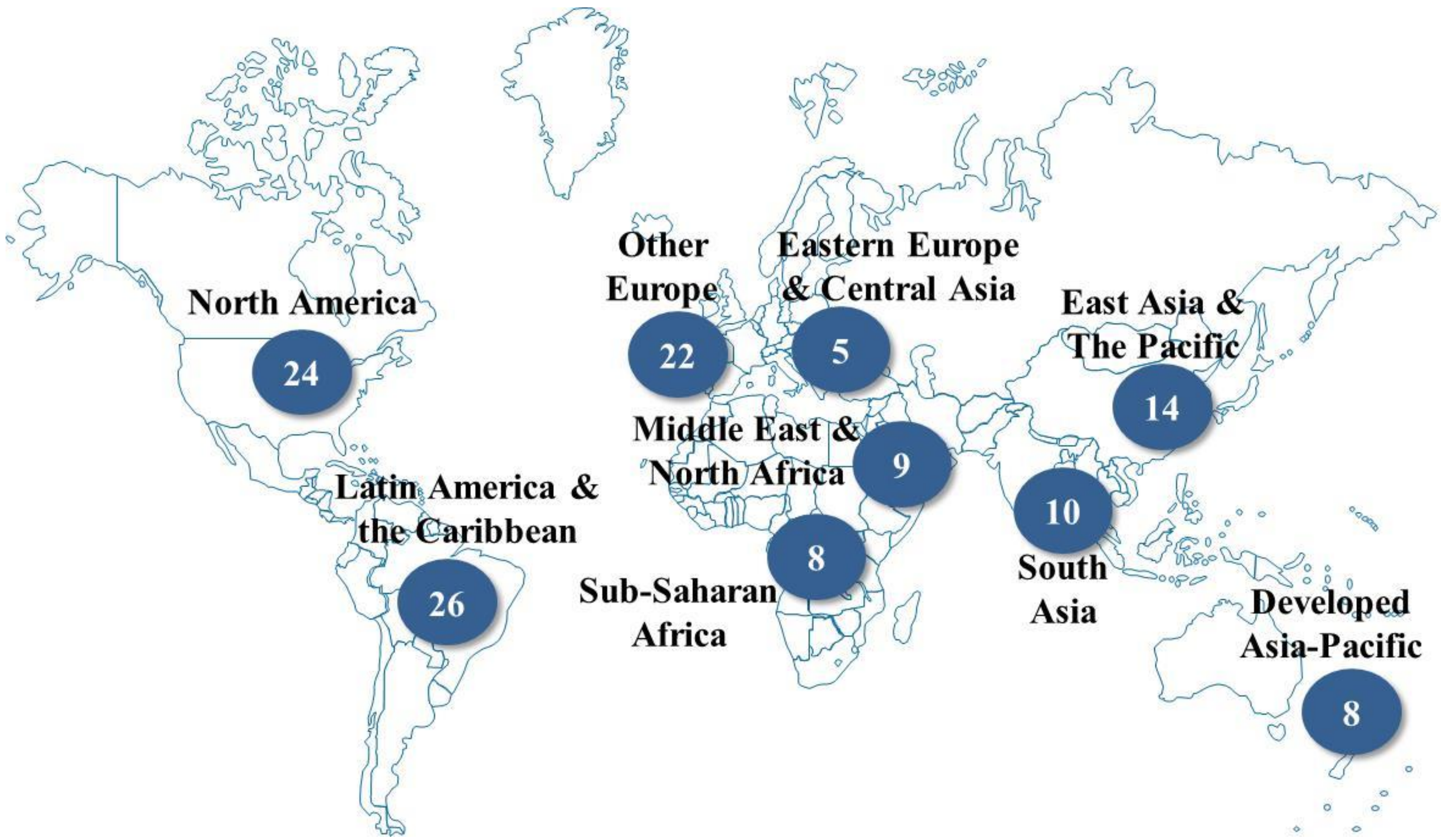


TOTAL FOREIGN ASSETS – 2014	N. of firms	Foreign Assets 2014	% of Total
Mining (except Oil and Gas)	2	64,493	53.4%
Primary Metal Manufacturing	1	15,254	12.6%
Oil and Gas Extraction	1	13,676	11.3%
Food Manufacturing	4	20,473	16.9%
Transportation Equipment Manufacturing	5	4,164	3.4%
Machinery Manufacturing	3	1,126	0.9%
Chemical Manufacturing	1	488	0.4%
Merchant Wholesalers, Nondurable Goods	1	361	0.3%
Leather and Allied Product Manufacturing	2	302	0.2%
Textile Mills	2	266	0.2%
Furniture and Related Product Manufacturing	1	131	0.1%
Printing and Related Support Activities	1	76	0.1%
Data Processing, Hosting, and Related Services	1	33	0.0%
Computer and Electronic Product Manufacturing	1	22	0.0%
Fabricated Metal Product Manufacturing	1	20	0.0%
TOTAL	**27**	**120,883**	**100.0%**

Source: Thomson One, Bloomberg and Economatica database, firms' annual reports (*Formulários de Referência* and DFP – *Demonstrações Financeiras Padronizadas*), Dom Cabral's Brazilian Multinationals Ranking 2015, 2014 and 2013[31], and primary data through questionnaire.

[31] Available at:
http://www.fdc.org.br/blogespacodialogo/Documents/2015/ranking_fdc_multinacionais_brasileiras2015.pdf, http://www.fdc.org.br/blogespacodialogo/Documents/ranking_fdc_multinacionais_brasileiras2014.pdf and at: http://www.fdc.org.br/imprensa/Documents/2013/ranking_multinacionais_brasileiras2013.pdf

Annex Figure 2. Brazil: Number of firms with operations[32] in each region, 2014



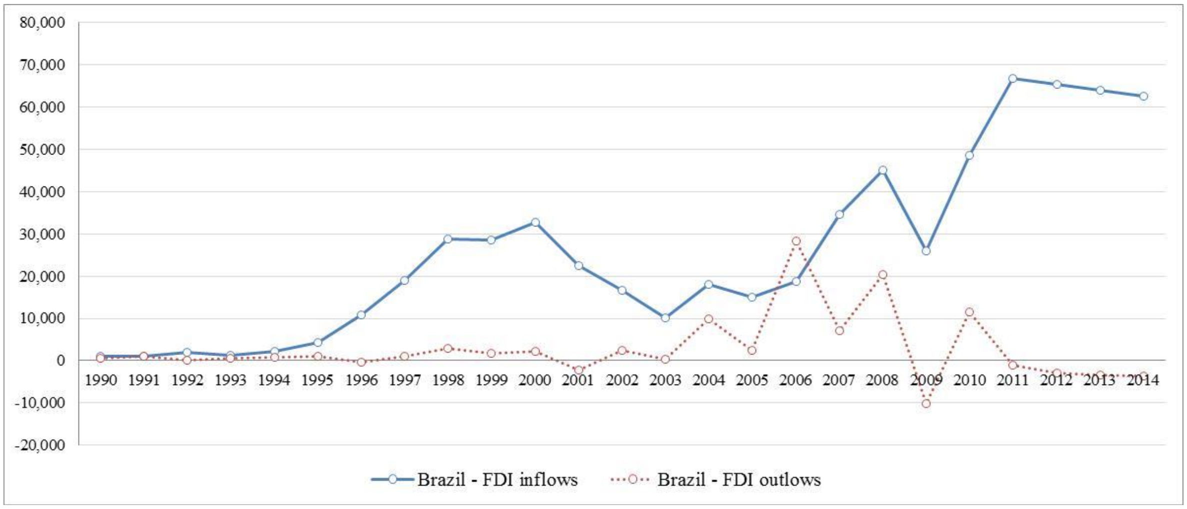
Source: Firms' Annual Reports (*Formulários de Referência* and DFPs – *Demonstrações Financeiras Padronizadas*) and website.

[32] We have considered either a plant, or a commercial subsidiary, or a business office, or a distribution center.

Annex Figure 3. Brazil: Head office locations of the top 27 multinationals 2014

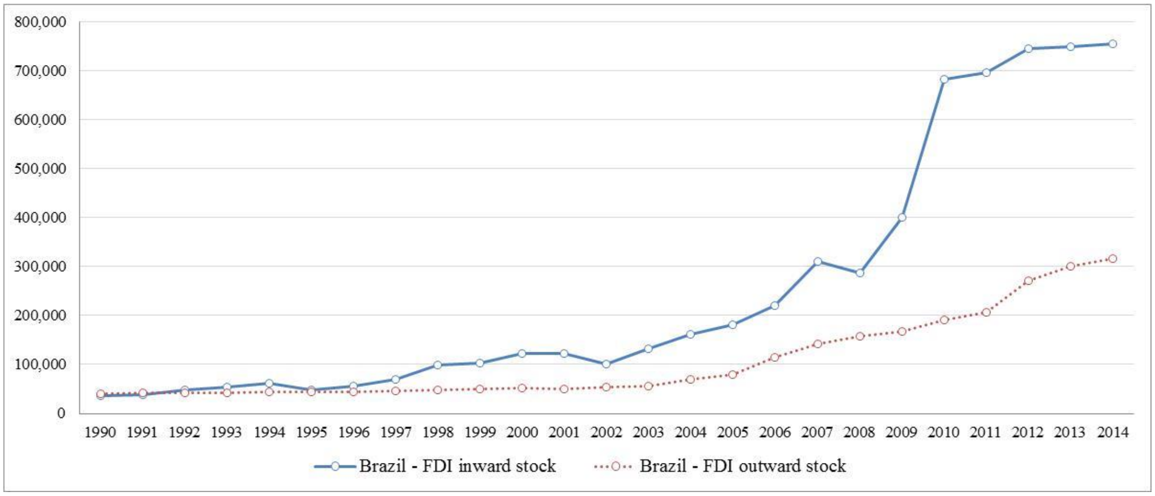
Source: Registering Forms (*Formulários Cadastrais*)

Annex Figure 4. Brazil: Inward and Outward FDI flows, 1990-2014 (US$ million)



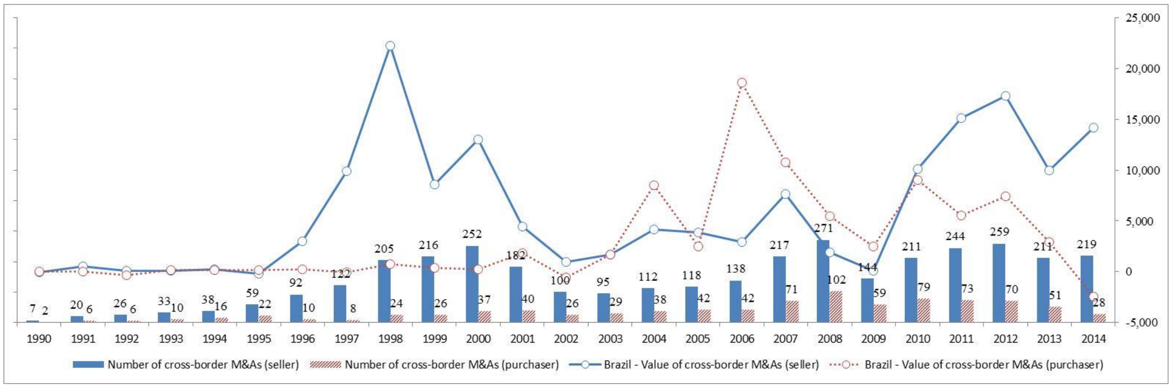
Source: United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development). Available at: http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

Annex Figure 5. Brazil: Inward and Outward FDI stock, 1990-2014 (US$ million)



Source: United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development). Available at: http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

Annex Figure 6. Brazil: Cross-border M&A, 1990-2014 (US$ million)



Source: United Nations Conference on Trade and Development (UNCTAD), FDI STAT On-line database, (Geneva: United Nations Conference on Trade and Development). Available at: http://unctad.org/en/Pages/DIAE/World%20Investment%20Report/Annex-Tables.aspx

Annex II: Brief Profiles of the Top 27 Multinationals[33]

No. 1. Vale
http://www.vale.com/brasil/EN/Pages/default.aspx

Vale is one of the largest metals and mining companies and one of the largest companies in the world. Vale is the world's largest producer of iron ore and iron ore pellets, key raw materials for steelmaking, and the world's largest producer of nickel, which is used to produce stainless steel and metal alloys employed in the production of aircraft, autos, mining and energy equipment, mobile phones, batteries, special batteries for hybrid electric vehicles and several other products. Vale also produces manganese ore, ferroalloys, metallurgical and thermal coal, copper, platinum group metals, gold, silver, cobalt, potash, phosphates and other fertilizer nutrients, important raw materials for the global industrial and food production industries.

No. 2. Gerdau
http://www.gerdau.com/br/en/home

Gerdau's history dates back to 1901, when it started as a nail factory in Porto Alegre, Brazil. Today, Gerdau has hundreds of locations in 14 countries around the world and its products are present in the daily lives of millions of people. Annually, millions of tons of scrap are recycled and turned into quality steel, which serves the construction, industrial, agricultural and automotive sectors. Gerdau is the leading producer of long steel in the Americas, and one of the largest suppliers of special long steel in the world. Additionally, Gerdau is the largest supplier to the automotive industry worldwide. In Brazil, Gerdau also produces flat steel and iron ore, which expands its product mix and improves the competitiveness of its operations.

No. 3. Petrobras
http://www.petrobras.com.br/en/

Petróleo Brasileiro S.A., or Petrobras, is a semi-public Brazilian multinational energy corporation headquartered in Rio de Janeiro, Brazil. It is one of the largest companies in the Southern Hemisphere by capitalization and one of the largest in Latin America measured by revenue. The firm is driven by the challenge of supplying the energy that can propel development and ensure the future of the society with competency, ethics, cordiality, and respect for diversity. Petrobras performs as an integrated energy company in the following sectors: exploration and production, refining, marketing, transportation, petrochemicals, oil product distribution, natural gas, electricity, chemical gas, and biofuels. A leader in the Brazilian oil industry, Petrobras has a presence in 17 countries.

No. 4. JBS
http://www.jbs.com.br/en

[33] All information provided in this section was taken from the firms' websites and reports. The authors of this report have not verified the contents of the descriptions.

With over 60 years' experience, JBS is currently the world's largest producer of proteins. The company processes beef, lamb, pork and chicken as well as leather. The company also markets hygiene and cleaning products, collagen, metal packaging, biodiesel and other items. The group's extensive portfolio includes world-renowned brands such as Swift, Friboi, Maturatta, Cabana Las Lilas, Pilgrim's, Gold Kist Farms, Pierce and 1855. This wide range of products and the company's operations in 24 countries on five continents (including production platforms and offices) serve customers in over 150 countries. The company went public in 2007 and its stock is currently traded on the BM&FBovespa.

No. 5. BRF S.A.
http://www.brf-global.com/brasil/en/

BRF S.A. is a Brazilian food company created in 2009 from the merger of Perdigão and Sadia. The company is one of the largest producers of fresh and frozen protein foods in the world. BRF is responsible for 14% of the world trade in poultry. BRF owns 47 plants in all regions of Brazil and 42 distribution centers, 27 of which are in the domestic market and 15 of which are in its export markets. In the international market, BRF has a leading brand, Sadia, in various categories in Middle Eastern countries. BRF maintains 19 sales offices outside of Brazil serving customers of more than 120 countries on five continents. The firm has seven industrial units in Argentina, two in Europe (England and Holland, through Plusfood) and one in Abu Dhabi, United Arab Emirates.

No. 6. Marfrig Global Foods
http://www.marfrig.com.br/en

Marfrig Global Foods is one of the world's largest beef, lamb, poultry and fish-based food companies. With production, commercial and distribution units in 16 countries, Marfrig is also considered one of Brazil's most international and diversified companies. Its products reach the tables of consumers in over 110 countries every day. The company is split into three business units – Marfrig Beef, Moy Park and Keystone Foods, operating in different locations around the world. Operating in the market since 1986, Marfrig began an intense process of expansion in the early 2000s.

No. 7. Minerva Foods
http://portal.minervafoods.com/en

Minerva Foods produces and sells beef, leather, exports live cattle and meat products, and processes beef, pork and poultry. One of the leading companies in the industry in South America, Minerva Foods has a privileged position in the international market, exporting to more than 100 countries in five continents. Currently, Minerva Foods operates 15 slaughtering and boning plants, 11 in Brazil, two in Paraguay and two in Uruguay. Slaughtering capacity is 15,880 head of cattle per day, and boning capacity is 18,866 head per day. The company operates 13 distribution centers, 11 located in Brazil and two in Paraguay. In addition, the company has international trading offices in the following countries: Algeria, China, Chile, Colombia, United States, Italy, Iran, Lebanon and Russia.

No. 8. Magnesita
http://www.magnesita.com.br/en/home

Magnesita is a Brazilian company devoted to mining, production and marketing of a broad range of refractory materials. More than 13,000 different types are produced. The products are mainly used by steel, cement and glass manufacturers. The company has the benefit of one of the largest and best magnesite, dolomite and talcum reserves in the world. Furthermore it prospects other mineral deposits all over the world. Currently, the company operates 28 industrial and mining units, 16 of them in Brazil, three in Germany, three in China, two in France, one in the United States, one in Belgium, one in Taiwan and one in Argentina, with total refractory production capacity of more than 1.4 million tons a year. Magnesita is the third largest producer of refractory products in the world and a leader in integrated solutions with refractory products.

No. 9. Embraer
http://www.embraer.com/en-us/Pages/Home.aspx

Embraer has become one of the largest aircraft manufacturers in the world. With headquarters in São José dos Campos, Brazil, and offices, subsidiaries and customer service bases in China, France, Portugal, Singapore and the United States, Embraer is a customer-oriented company with 43 years of experience in designing, manufacturing, selling and supporting aircraft for the global airline, defense and business aviation markets. Founded in 1969 as a state-owned company, Embraer was privatized in 1994. Embraer currently has a total workforce of more than 19,000 people. Embraer also provides a product package, with comprehensive aircraft and after-sales support for parts, services, and technical assistance.

No. 10. Tupy
http://www.tupy.com.br/ingles/home/index.php

Founded in 1938, in Joinville, Santa Catarina, in the Southern area of Brazil, Tupy has an annual production capacity of 800,000 metric tons of cast iron parts in two industrial plants in Brazil. It has more than 12,000 employees, and exports half of its annual production to more than 40 countries. For commercialization, Tupy relies on offices located in the city of São Paulo, in the United States and in Germany. A large share of Tupy’s production consists of components developed under request for the automotive sector. The parts include engine blocks and heads and parts for brake, transmission, steering, axle and suspension systems. Tupy also manufactures and sells malleable cast iron pipe fittings, steel shots and grits and continuous castings, which are supplied to several industrial sectors.

No. 11. Iochpe-Maxion
http://www.iochpe.com.br/

Iochpe-Maxion is a leading global company in the segments in which it operates, particularly in the production of wheels and structural components for light and commercial vehicles. The firm is also a leader in the segment of railway equipment in Brazil. Iochpe-Maxion has 32 industrial units located in different countries. In the automotive segment, the company operates through two divisions: wheels and structural components. Its structural components division produces side bars, crossbars and complete chassis for commercial vehicles, and structural stamped items for light vehicles. In the railway segment, Iochpe-

Maxion produces freight cars, wheels as well as railway and industrial castings through its joint venture AmstedMaxion.

No. 12. Weg
http://www.weg.net/us

Weg is an industry headquartered in Jaraguá do Sul, Brazil, operating worldwide in the electric engineering, power and automation technology areas. The company produces electric motors, generators, transformers, drives and coatings. Weg has operations in around 100 countries, with approximately 31,000 employees. Weg appeared in Forbes list of the 100 largest small global companies of the world. And it has been ranked by magazine Exame as the 9th most competitive company in the American continent. Weg is the largest Latin American electric motor manufacturer.

No. 13. Ultrapar
http://www.ultra.com.br/Default.aspx?linguagem=en

Ultrapar, a multi-business company engaged in specialized distribution and retail (through Ultragaz, Ipiranga and Extrafarma), specialty chemicals (with Oxiteno), and storage for liquid bulk segment (through Ultracargo), is one of the largest business groups in Brazil. With 13,000 direct employees, Ultrapar has operations in the entire Brazilian territory and has industrial units in the United States, Uruguay, Mexico and Venezuela and commercial offices in Argentina, Belgium, China and Colombia through Oxiteno.

No. 14. Natura
http://www.natura.com.br/www/

Natura is a Brazilian manufacturer and marketer of beauty products, and personal care, skin care, solar filters, cosmetics, perfume and hair care products. The company was founded in 1969 and became a public company in 2004. Currently the company is the second largest Brazilian cosmetics company by revenue. In 1974, Natura adopted direct sales as its sales model. It has more than 1.2 million “consultants” (resellers) spread throughout countries including Argentina, Brazil, Chile, Colombia, France, Mexico, and Peru.

No. 15. Marcopolo
http://www.marcopolo.com.br/marcopolo_sa/en/

Marcopolo S.A. is a Brazilian bus and coach manufacturer founded in 1949, in the southern Brazilian city of Caxias do Sul, state of Rio Grande do Sul. The company manufactures the bodies for a whole range of coaches, e.g. microbus, intercity and touring coaches. Marcopolo produces over half of the bus bodies made in Brazil and exports its coaches to more than 60 countries. Currently Marcopolo has four plants in Brazil and plants in Argentina, Australia, Colombia, India, Mexico, South Africa, and China. Recently it announced a joint venture with Tata Motors to enter the Indian market.

No. 16. Alpargatas
http://www.alpargatas.com.br/#/conheca-empresa

Alpargatas is the largest footwear manufacturing company in Latin America. Together, Havaianas and Dupé lead the domestic sandal market. Havaianas is the most recognized Brazilian consumer goods brand internationally. Topper is the leader of the Brazilian soccer market and the first athletic footwear brand in Argentina. Mizuno is the leading brand in high performance running, and Timberland, in premium outdoor footwear. The portfolio is completed by Rainha, Brazil's most traditional brand of sporting goods and Sete Léguas working boots. Alpargatas maintains its retail operations with 518 flagship stores in various countries. The footwear is produced in six industrial units in Brazil and five in Argentina.

No. 17. Coteminas
http://www.coteminas.com.br/scripts/cgiip.exe/WService=coteminas/cot/vis/home.htm

Coteminas (*Companhia Tecidos Norte de Minas*) was founded in 1975 in Montes Claros, Brazil, and it is a textile company belonging to the family entrepreneur and former Vice President of Brazil Jose Alencar. Coteminas boasts fifteen factories in Brazil, five in the United States, one in Argentina, one in Mexico, and more than fourteen thousand employees.

No. 18. Duratex
http://www.duratex.com.br/en/Default.aspx

Duratex has significant activities in the retail market of the building and furniture industry. Duratex sells various product lines mainly focused on the finishing segment of the building sector, and on the manufacturing of furniture. Its sales are predominantly to the domestic market, although it sells to more than 35 countries. Duratex is placed among the 10 largest global players in the segment in which it operates, and is the largest producer of industrialized wood panels and metal bathroom fittings in the Southern Hemisphere. Moreover, Duratex is the leader in the Brazilian market in the vitreous chinaware and metal fittings segments. The company also has operations in Colombia.

No. 19. Valid
https://www.valid.net/

Valid is Latin America leader in telecommunications, payment methods and document identification solutions, present in the two greatest markets in the region – Brazil and Argentina – and, since early 2014, in Colombia. In Europe, its strong operation in Spain as telephone cards supplier is a case of success. When it entered United States in 2012, it expanded its global reach with a plan to support migration of banking cards to smart cards with microchips.

No. 20. Randon
http://www.randon.com.br/EN

Randon S.A. is a worldwide provider of solutions for freight and cargo transport and a market leader in Brazil in all its sectors of activity. The company operates directly through its subsidiaries in three segments: towed vehicles, railcars and specialty vehicles; auto parts and automotive systems; and services and others. Randon is a global benchmark brand with world-class strategic partners. It is one of the largest private companies in Brazil and exports to over 100 countries. Randon's steady advance in foreign markets is supported by strategies tailored for each specific region and the establishment of commercial offices, industrial plants, distribution centers and assembly units.

No. 21. Pettenati
http://www.pettenati.com.br/

Pettenati is a 50-year-old textile factory specialized in circular knitting. The firm also has operations in El Salvador. In each season the company launches 200 new products for women, men and children into different segments such as fashion, casual, sport, and intimate.

No. 22. Metalfrio
http://www.metalfrio.com.br/site/brasil/en/home/home.aspx

Metalfrio Solutions operates in the plug-in commercial refrigeration market. Its customers include the leading international and regional brands of beverages, ice cream, food and retail businesses. With the most complete portfolio of commercial refrigeration products, Metalfrio Solutions is currently one of the largest refrigeration companies in the world and continues to grow as a result of a strong expansion program. With a production capacity of 1.5 million units per year, it operates on almost every continent, with 4 strategically located production facilities – Brazil, Mexico, Turkey and Russia – producing equipment with state-of-the-art technology, and has a global distribution structure in over 80 countries.

No. 23. Indústrias Romi
http://www.romi.com.br/index.php?id=inicio&L=2

Founded in 1930 as an automobile repair shop, Indústrias Romi S.A. has grown to become a global leader in machine tools, plastic processing machines and rough or machined castings. Its products and services are marketed domestically and exported to five continents for industries such as automobile and automotive components manufacturing, consumer goods, agricultural machinery and implements, and industrial machinery and equipment. The company also has sales and services subsidiaries in the United States and Germany.

No. 24. TOTVS
http://en.totvs.com/

TOTVS is the 6th major integrated management system (ERP) developer in the world and 1st among emerging countries, an unquestionable market leader in Brazil and Latin America. The company was the first IT company in Latin America to go public. TOTVS has more than 7000 direct participants and is present in 23 countries, with subsidiaries in Brazil, Argentina and Mexico. TOTVS' solutions comprise software for ERP, customer relationship management (CRM), business intelligence (BI) and supply chain management (SCM), as well as specific industrial modules—vertical modules—that provide additional abilities exclusively developed for each customer's business segment.

No. 25. Bematech
http://www.bematechus.com/

Bematech is a leading commercial automation company, delivering POS and KDS hardware, solutions, services and training to increase efficiency in the retail and hospitality industries. For two decades, Bematech has been a leader in producing solutions that redefine consumer experience at the point-of-sale, enhancing all types of businesses. Bematech provides the retail and hospitality industries with the most advanced technologies. The company offers a broad portfolio of integrated solutions specializing in small and midsized businesses offered through a wide distribution network that covers over 415,000 points of sale in 37 countries. The company operates four R&D excellence centers, with over 1,500 professionals in Brazil, China, Taiwan, the United States, and Argentina.

No. 26. Lupatech
http://www.lupatech.com.br/lupatech/en/

Lupatech S.A is made up of businesses focused primarily on the oil and gas sector, providing equipment and services for the production stage, in addition to leading Mercosur in the manufacture of industrial valves and holding a privileged position in the production of parts for the automotive industry. The solutions offered by Lupatech, through companies located in Brazil and abroad, stand out for their high added value. The oil and gas industry is provided with polyester ropes (for anchoring platforms in deep and ultra-deep water), an ample line of valves, tools for well completion, special pipe lining, gas compressors, fiber optic monitoring systems, in addition to general platform services.

No. 27. Vulcabras
http://vulcabrasazaleiari.com.br/en/

With over 60 years in the Brazilian footwear market, Vulcabras is today a company that manages leading brands. It currently has two divisions: sporting, which includes the brands Olympikus, Reebok and Vulcabras Botas; and female, which includes the brands Azaleia, Dijean and Opanka. Together, Vulcabras has over 19,000 employees spread over eight units, seven of which are in Brazil and one in Argentina. In addition to these, it also has six distribution centers, two of which are located in Brazil, and the others in Colombia, Peru, United States and Uruguay.