

» Brazil's Infrastructure Dilemma

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R\$600 BILLION IN THE BANK IS NOT ENOUGH FOR BRAZIL TO DEVELOP ITS INFRASTRUCTURE PROJECTS. A CULTURAL HERITAGE CHANGE IS NECESSARY.

In 2009, a report by the British magazine *The Economist* pointed to Brazil as "the country that is taking off". After decades of economic instability, Brazil was once again becoming attractive for foreign capital. This as a result of a new economic plan to control inflation, which gave greater autonomy to the Central Bank and fattened up the National Treasury with funds from state privatization. From this global perspective, Brazil, among all the BRICs, also reflected some important points such as the absence of ethnic and religious conflicts compared with those of India, for example, independence from fossil fuels, unlike Russia and democratic stability, versus the all-powerful China. We all believed in this dream.

Since then, four years have passed and the country still remains to be the "pretty girl" for large global groups, motivated to invest in an emerging economy under a stable democratic regime, with great potential for domestic consumption, and wealth in strategic resources for the future of the planet. However, bureaucracy and delays in important decision-making processes which are crucial to the viability of economic decisions have placed the country in a crisis of international reputation regarding its capacity for implementation and its security for new investments.



FROM EUPHORIA TO DECEPTION

Undeniably, Brazil in the last three decades has reversed its economy's backward image. Motivated by the wave of growth, it has a public budget of R\$1.26 trillion to be implemented until 2017 in modernizing roads, ports, airports, roads, power transmission networks with the objective of raising its GDP by 4 % and increase international competitiveness over the next few years. Wrapped in the intrepid Growth Acceleration Program (PAC), created in the Lula era and followed by round two (PAC 2) by successor Dilma Rousseff, it aimed to promote the recommencement of planning and the carrying-out of major social, urban, logistics and energy projects. Brazil's infrastructure projects, however, have lately been seen as a real truism for the international business community: the rapid pace of euphoria to disappointment, harmed by poorly prepared bids, a political culture much more focused on inaugurating projects than actually carrying them out, not to mention the complex rules and regulations.

It is a paradigm for the BRIC Brazil, with R\$600 billion in cash for investments in infrastructure projects which could help as well as boost the global economy, considering the crisis in Europe and the slow US economic recovery. But Brazil fails to succeed in making its projects operational, achieve compliance with deadlines and goals, and thereby bringing to fruition projects such as its High Speed Train, following through on the diversion of water from the River São Francisco or move forward with port Manaus, to name a few of the projects the Brazilian government has in its portfolio. Simply pointing out the immaturity of its management, characteristic of a nation of only five centuries, the country became part of the dream of the big conglomerates, focused on its destiny of global growth.

RICH IN DICHOTOMIES

Since Portuguese colonization, Brazil has been rich in dichotomies. A colony of exploration, now, for convenience of the Court, a settlement colony. That is, national ambiguity has always been historically cultural. In order to fight the rumored inefficiency in organization, instilled by the famous Brazilian phrase "in the end, everything works out" which unfortunately creates great uncertainty in the world of business, the government has made strenuous efforts to change it. The Executive has encountered obstacles in the plural partisanship of Brazil's politics regarding the various laws and regulations of the federal units, in the political electoral interests and the bloated budgets in the carrying out of projects. Together, all these elements raised a negative shadow over the country,

crossed over decades of undeveloped, amateurish and unproductive and that its continental extension, climatic diversity, resources and strength of the domestic market, could easily be a world power. The great Brazilian infrastructure projects are parked in Congress, investors wary and gear the economy slows. Dependent lobbies, many conversations and grants favors.

Currently, the Brazilian crisis has gone off the charts. Not lacking worthy projects, but rather resources, and more human than financial. In short, the problem is not just finding the "bargain" as in the toughest moments, but in how to prioritize and make it viable, and which expert "friends" should be called on to effectively boost Brazil to the so desired "first world" status. As in journalism, comparison is an easy method of assimilation; a fantastic example is the family that suddenly grows in its social and economic status. Now, with easy access to resources, the dilemma becomes one of how not to lose its *status quo* without damaging legacies and values, and avoid creating conflicts between relatives. Today, in the 21st Century, the race for the attributes of modernity and the desire to achieve equality with the great powers, regardless of whether or not you are a developed country, is the question in Brazil.

COMMUNICATION DOES NOT PERFORM MIRACLES

Management of the country's image in recent years can be considered one of the most efficient and effective. The strategic planning of Brazil's brand has really sold the country on the international stage, backed by two ex-presidents with different profiles, both charismatic actors who led a process of political and economic openness, convincing the public with their personal and political qualities, that Brazil is a

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prosperous, safe and promising financial cushion for the growth of the global society. Nobody questions that we Brazilians are good at communication! Storytelling has always been one of our values, either as assistants in court or on mats in the senzalas! We are capable of swaying one and many with our charisma and enthusiasm, to the detriment of reason. The key issue for any type of organization is the fine line of communication which can be a powerful strategic resource for success, but that does not work miracles. In modern society, you can build myths, but if there is lack of quality in the product, service, efficiency or effectiveness, myths can be destroyed, or even destroy themselves. Dreams can be crushed!

The financial numbers for the public budget of the Brazilian federal government are still spectacular and attractive and are rather appealing to global entrepreneurs. They represent projects of ten thousand kilometers of roads, five thousand in highways and oil platforms; not to mention the largest program of concessions made by the federal government in September, a tender of R\$242 billion. Taking them off paper and making them into a reality requires good economy, efficiency, competent partners and a good deal of experience in order to transform them into a reality that will really lift Brazil up to sustainable economic development in the coming years.

1 Slaves' quarters



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