



A Chinese Samba

The Asian country has poured billions into Brazilian businesses but finds it needs some Brazilian know-how to run them.

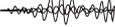
BY JUDITH JONES

It's hard to find two places on the map that could be farther apart, and yet agribusiness executive Marcos Jank couldn't help but notice all the farmland and farming business that China was buying in his native country of Brazil the past few years. He also kept getting asked the same question by Chinese leaders—how best to do business in a country full of

everything China doesn't have: byzantine taxes, difficult labor laws, and an economy that is forever booming and busting.

In response, Jank says, he would tell them to build local relationships. The economies of the countries 10,000 miles apart were actually very complementary, he'd say, "but Brazil's regulations are extremely complicated."

Welcome to yet the next level of the global



economy. For two decades, United States and European investors were told they should invest in the BRIC countries—Brazil, Russia, India, and China—because of their tremendous growth potential. But these days, two of the BRICs, Brazil and China, are just as interested in each other as they are getting cash from the world’s most established economies. In 2017, China invested nearly \$25 billion on projects in Brazil, twice as much as the US invested in Brazil over the same time period. Chinese companies are building a port in Maranhão, lending money in Brasília, running a São Paulo-based ride-hailing service, and operating a slew of other businesses.

Outside of securing food and commodities, China’s healthy relationship with Brazil could potentially mitigate the pain of a trade war with the United States. For its part, Brazil, which was mired in a deep recession from a few years ago, believes that the investments from China will help it recover faster from that fallback.

But the Chinese firms are finding that they aren’t just making an investment in Brazil’s crops, energy, and finance, they’re making a big bet on its talent pool as well. That isn’t always the most comfortable situation, but it’s one that many countries trying to stretch their economic reach need to tackle. “There are not many Chinese peers to which Chinese companies can turn to for information about experience in Brazil,” says Amy Chan, chief investment officer of Dakang Brasil Agro. “This leads to a big reliance on local talent.”

To some degree, the differences between the countries couldn’t be greater; most Chinese business leaders, for example, have less experience dealing with volatile environments, since the

Chinese economy hasn’t had a recession in a quarter of a century, compared to four in Brazil. During that type of volatility, leaders either have to develop novel solutions or risk going out of business. Indeed, according to Korn Ferry research, Brazil and other Latin American executives score high on change agility—the ability to promote new possibilities and, importantly, turn them into reality.

Now Brazilians and Chinese need to learn to work together at the same company, not just as sellers and buyers, says Silvia Sigaud, a Korn Ferry senior client partner in São Paulo. What

Chinese executives may lack initially in change agility they make up for in people agility—the ability to read people and use those insights effectively to work with others. At the same time, Brazilian leaders are adapting to working with Chinese firms. “A qualified Brazilian leader in a Chinese-managed company could work as a bridge between the two cultures and help Chinese colleagues learn about and adapt to the Brazilian culture and market,”

says Guan Dongyuan, senior vice president of Embraer, a giant Brazil-based aerospace firm.

And it doesn’t hurt that Brazilians might also get a lesson in long-term strategic planning. Brazilian companies, like organizations in many countries, tend to think of “long-term” as five to seven years. For Chinese firms, particularly state-owned enterprises, long-term can mean 10 years or more. ▀

The Takeaway

A major investment in Brazil by China gives leaders in both nations a chance to learn from one another.

