

**CURRENT TRENDS & ISSUES in BRAZIL**  
**As provided by Brazil Executive Search, Brazil**  
**30 October 2008**

**1) Inflation in general:**

**Inflation Rate (IPCA):**

2007: 4,46%

2008 (up until September): 4,76%

Source: IBGE (Brazilian Institute of Geography and Statistics)

**2) Investment Rates:**

**Foreign Investments directly injected in Brazil**

2007: approximately US\$ 34 Bi.

2008: (until August): about US\$ 25 Bi.

The industries that have been most invested in are: mining, metallurgic, food and beverage, and chemical products refinery.

The estimates on investments for 2008 are of US\$35Bi and US\$30Bi for 2009.

**Sectors that have hired more employees in 2008 (up until August)**

1º - Services

2º - Secondary Industry

3º - Real Estate Building and Construction

4º - Agricultural

5º - Trade (Retail/Wholesale)

6º - Public Administration

7º - Mining

8º - Utilities

Source: IBGE (Brazilian Institute of Geography and Statistics), BCB (Central Bank of Brazil).

**3) What is 'hot':**

In the first two quarters of 2008 Brazil's market experienced a raise in credit line limits and job offers; thus, the average household income and consumption of goods went up as well.

As a consequence, sectors such as agribusiness, automotive, mining, real estate development and brokerage, food, financial services (banks, financial agencies and insurance companies), and electronics began to expand.

**4) Trends in a specific market:**

**Real Estate Developing:**

Real Estate Developing (Building and Construction) business in Brazil has grown considerably in the past few years.

In 2005 the line of credit for Real Estate financing went up 60%, and in 2006 the Biggest Real Estate Developing companies went public on Bolsa de Valores de Sao Paulo (Sao Paulo Stock Market). The sector has attracted R\$16 Bi in investments so far.

In 2007 there were 45,000 new job openings in Real Estate and salaries had an average increase of 33%. The top 10 Real Estate Developers and Brokerage Firms in Sao Paulo have hired 140% more people, meaning a jump from 3,992 employees to 9,660 in the last three years.

## 5) Movement of international firms:

### The Executive Search Market in Brazil:

There are 30 thousand companies in the Human Resources business in Brazil today, a R\$40Bi market a year. **20 % of all HR companies in Brazil are in Recruitment and Selection.** Temporary and full time job placement take the other share of the cake.

(Article on Valor Econômico Magazine, July 2008)

### New HR Consulting Firms in Brazil in 2008:

Allis  
Alpen  
Manpower  
Robert Half  
Robert Wong

## 6) Trends in executive markets:

The cooling off of business activities and the uncertainty about the international financial market have Brazilian corporations to temporarily suspend the hiring process of directors and high management positions. The halt in the search for business executives is felt especially in the areas most affected by the international crises: financial, automotive and real estate. Other sectors, which have been affected by the lack of highly qualified business executives, such as Oil, Energy, Agribusiness (services), and Infrastructure are keeping the placement of new business executives as usual. Business is expected to slow down in the next following months, though.

## 7) Issues related to specific industry (ies):

Due to the uncertainty about the international financial market, the Oil and Gas industries are showing the biggest fall in figures with losses of R\$231.9Bi. The first runner up in losses is the Financial and Insurance sectors with losses of R\$223Bi followed by mining with R\$160 Bi.

**Source:** Economática

## 8) Wage inflation:

The average income per employee in Brazil last September was of R\$1,267.30 which represents a 6.4% growth when compared to the same month in 2007.

High Executive Wages	
The number of business executives with annual earnings of over R\$ 1 million has almost doubled in the last three years...	
2005	275
2006	317
2007	421
2008	528
... Most of them make up to R\$ 3 million	

<b>92%</b> R\$1 M to R\$3 M	
<b>5%</b> R\$3 M to R\$5 M	
<b>3%</b> over R\$5 M	
<b>Profile of business executives earning over R\$1M per year</b>	
<b>Gender</b>	
Men	92%
Women	8%
<b>Age</b>	
Over 50	58%
Between 40 and 50	34%
Up to 40	8%
<b>Corporate Position</b>	
President	21%
Director of Business Unit	15%
CFO and Director of Finance	10%
Commercial (1) and Sales Director	9%
Industrial Director	7%
Human Resources Director	5%
Other	33%
<b>Source of Capital</b>	
<b>61%</b> Brazilian Corporations	
<b>39%</b> Foreign Corporations	
<b>Sector</b>	
Secondary Industry (2)	46%
Service	24%
General Industry	20%

Agribusiness	6%
Energy	4%
<p>(1) The position of Commercial Director embodies Marketing and Sales areas.  (2) Steel, metallurgy, mining, chemical, petrochemical, cement and paper and cellulose</p>	

<b>Brazilian Corporations Pay More</b>		
Short-term benefits in salary figures per position held has been growing in Brazil...		
<b>Directors</b>		
2003	3,6	
2008	5,8	
<b>High Management</b>		
2003	2,5	
2008	4,7	
<p><b>...And the average benefits paid to by Brazilian corporations in 2008 have surpassed those of foreign company's in the country.</b></p>		
Foreign Corporations	R\$ 189,237	
Brazilian Corporations	319,661	
<p><b>In an international face off, bonuses given by Brazilian Companies to its employees surpass those of given to by companies in other countries (1) (in percentage on the base salary.)</b></p>		
	Director	High Management
Brazil	42%	29%
Chile	38%	29%
Argentina	34%	25%

United States	30%	22%
Germany	29%	24%
France	21%	18%
Spain	21%	16%
<i>(1) Within the 60 countries in the research</i>		

**Source:** Hay Group