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## For This Brazilian Dairy Exporter, Crisis Spells Opportunity

Contributed by Isaura Daniel  
Saturday, 27 June 2009

Brazilian businessman Alfredo de Goeye, a partner in the company responsible for a significant share of Brazil's exports, with 30 years' experience in the international market, says that the recipe for good foreign sales is human relations.

In an interview at his house, recovering from surgery, Goeye says: "Now I can clearly see that what we build based on healthy relationships bears fruit."

The businessman is one of three owners of Sertrading, one of the largest trading companies in Brazil, and, while working at Cotia Trading, from 1979 until 2000, he accompanied the first incursions into international trade of manufactured and semi-manufactured goods from the country.

Last year, Sertrading had a turnover of US\$ 1.3 billion, of which US\$ 400 million consisted of exports. One of the company's arms is Serlac, the company that invented milk exports in Brazil. "Brazil was a large producer and importer of milk, so we thought we might export it," he explains.

That was in 2002. Now, the country is the eighth largest supplier of dairy products worldwide. Goeye says that he watched as sales from Brazil to the Arab countries grew, and claims that the crisis poses no obstacle for trade.

"Opportunities must be sought. If there are none available there at a given time, one must seek elsewhere. Such is the beauty of foreign trade," he says. Read below the main stretches of Alfredo de Goeye's interview:

What is your personal history with foreign trade?

I became involved in the field completely by chance. I was born in the city of São Paulo and studied Business Management at the Getúlio Vargas Foundation. I started my career working with management, in the financial market. I stayed there for five or six years and then I worked with sales of building machinery for civil construction. Then an invitation came, in 1979, from a great friend from my school days, Paulo Brito, who had just founded Cotia Trading and needed people to work with him.

At that time, Brazil was getting started with its internationalization process, there were no qualified professionals, it was all beginning. The decree announcing the creation of trading companies in Brazil was issued in 1972. Cotia Trading was born in the wake of that decree, in 1977. At that time, the Brazilian government was willing to promote exports.

There was a slogan, "Exporting is the solution." The family of that friend of mine, Paulo Brito, was in the livestock business, they owned farms, cattle and slaughterhouses. And they happened to start exporting meat to Nigeria. Then, they decided to establish a trading company. Cotia then began striking a series of deals in Nigeria. The company grew and needed more personnel.

So you were not a partner in Cotia Trading at first?

No, I started out as an employee and went to live in Nigeria. I stayed there for three and a half years with my family. Then I returned to Brazil, still working for Cotia, I settled down here, but continued to work hard on Nigeria and Africa. For approximately six years, I went to Nigeria every month. The first ten years of my life in foreign trade were deeply linked to Africa. At that time, we started breaking into new markets, particularly Southeast Asia. The 1980s were all about lots of traveling and opening new markets.

In some of the countries that you went to, then, Brazilian products were still unheard of, right?

Look, we really broke into the market. In Africa, we were absolute pioneers. The work that we did was broad. We ended up supplying many products to markets such as Cameroon, the Ivory Coast, Senegal, Angola, but Nigeria was the main one. Before that, Brazilian foreign trade relied heavily on commodities, coffee and sugar.

Exporting manufactured and semi-manufactured goods was something new. We also had to make up for it somehow, we had to import. That was what led us to Southeast Asia. We used to go to Nigeria frequently, and there came a time when the Nigerians said: it is all good and well, but aren't you going to buy anything from us? Nigeria had few products to export: oil, which was controlled by a monopoly in Brazil, and coffee and cocoa, which Brazil manufactured and exported.

There was also natural rubber, which Brazil used to import. So we started working with natural rubber from Nigeria. But the quality of the rubber was not good, and that led us to Southeast Asia. From the 1980s onwards, we opened up many markets in Southeast Asia. We opened offices in Malaysia, Singapore, Korea, Taiwan, and afterwards in China.

And when did you become a partner in Cotia Trading?

In the early 1990s, when Collor (Fernando Collor de Mello, former Brazilian president) was president, there was the so-called opening of Brazilian trade. Brazil became more receptive to imports. There was a boom of imports in several segments, mainly automobiles. Then, Cotia ended up following the trend and importing much more than it was exporting.

At that time, a program was implemented for the main executives to become partners. We became partners in Cotia in 1993. From 1993 until 2000, a really large expansion took place, we became the leading automobile importers in Brazil,

and we went so far as to become the second largest importing company in the country, after Petrobras.

But the executives bought out a small share of the company. Paulo (Brito) had already left Cotia, but his family remained. Throughout the 1990s, I was the commercial vice-president at the company. In 2000 I left, after 21 years, due to a momentary contingency. Some other people and I did not agree with the direction that the company was heading in, so we decided to leave.

I had 20 years' experience in foreign trade, I was about to turn 50 years old, and I thought: I think I will try to start another trading company from scratch. And so I did, along with my partner in the struggle, Paulo (Brito). He was tending to his personal business, and we decided to establish Sertrading. We did not have a very specific plan. We established Sertrading and went out seeking market space.

Was the idea to be exclusively an exporter company?

The idea was to be a supplier of services in foreign trade, importing goods for third parties and exporting goods for which we would seek opportunities. After nine years, I am very happy. We founded the company in late 2000, but the first two years were all about sowing and closing a small number of deals. Those were years of investing and getting the company going.

As of 2003, we already had some turnover, we made about 30 million reais (US\$ 15.2 million) among imports and exports. I would say that 80% to 90% consisted of imports. Last year, we made 1.36 billion reais (US\$ 680 million), being 950 million reais (US\$ 475 million) in imports and around 400 million reais (US\$ 200 million) in exports.

Presently, what is the main focus of Sertrading in terms of exports?

The focus in exports, on agribusiness products, mainly dairy products, milk, by companies Serlac and Itambé. Serlac (an arm of Sertrading created specifically for dairy exports, in partnership with manufacturing company Itambé) was created in 2002. It was one of the seeds that we sowed and that bore fruit. We realized that Brazil had a chance of being an exporter of milk.

The country was a large-scale producer and also imported. So we thought that Brazil could also export. We then started to do research, which led us to believe that were right, we started placing Brazil in the global dairy market, and it worked out really well. Presently, Brazil is the world's eighth largest exporting country. Serlac is responsible for most of that work. Half the total exported from Brazil - in dairy products - comes from Serlac, and the Middle East is an important territory for us, in terms of clients.

You export evaporated milk. Was this type of milk already manufactured in Brazil?

Evaporated milk is a product for which there is no consumption habit in Brazil. It is almost like sugar-free condensed milk. In many countries around the world, particularly in the Middle East, in Africa and in Europe, people have the habit of mixing this evaporated milk into tea and coffee. It is sold in a small can that requires no refrigeration. The people in Brazil do not have this habit, and we convinced some Brazilian manufacturers to enter this market. Now, Brazil makes evaporated milk for the purpose of exporting. It is a typical case of product development.

And with regard to imports, what is the flagship of Sertrading?

In terms of imports, our strength does not lie in any specific product, but rather in client support. When it comes to imports, what we do is take care of the importing processes of clients, large companies. We usually operate in some of the Brazilian states that favor importing in some way, so that we are able to relieve clients of some of the tax burden, and we offer a full package, including logistics, documentation aspects, operational aspects and, in many cases, we also provide funding. The sectors that we cater to are fairly diversified. Our clients include Ambev, Ceras Johnson, Votorantim, Braskem, Petrobras and Vale do Rio Doce.

What was the first time that you went to an Arab country?

My experience with Arab countries, particularly with the Middle East, is not that large. I ended up acquiring lots of experience with Africa and Southeast Asia. My first experience with the Middle East took place in the late 1980s, early 1990s, when I went to Saudi Arabia, Kuwait and Iran. Then, over time, I ended up visiting many other countries in the region. In North Africa, more recently, I have been to Morocco, Libya, Algeria and Tunisia. But my company sells a lot to the region. Our main markets for milk are the Middle East and Africa.

What are the differences between the Arab market of the 1980s and the current one?

Things have changed tremendously. In the 1980s, the Middle Eastern countries, particularly Iraq and Iran, used to be great clients of Cotia's. At that time, Brazil used to supply automobiles. Volkswagen exported very much to Iraq. There were large deals involving Petrobras for purchases of oil in exchange for Brazilian products. There was very active trade going on in the 1980s. Further on, probably because of the conflicts, that trade ceased and was revived early this century. Presently, trade between Brazil and the Middle East is growing at a fast pace.

What prompted this expansion of trade, in your opinion?

There were two factors involved. One was the commitment of the Brazilian government and businessmen in directing their efforts to this field. With regard to businessmen, I believe that the Arab Brazilian Chamber of Commerce plays an extremely important role. Hats off to the work of the Arab Brazilian Chamber. Perhaps it is the best chamber of commerce in Brazil. It works extremely well.

Schahin (Salim Schahin, the current president of the Chamber) is starting his term now, but Michel Alaby (the secretary general of the Arab Brazilian Chamber) has lots of history in the field. The unmatched dedication of this utterly committed man is part of the history of international trade in Brazil. And this is part of the whole process. Of course, there is also the goodwill of those on the other side. But here in Brazil, the effort came both from the government and from the private sector.

What strategy would you say is effective for selling to the Arab market?

After 30 years working in the sector and having had lots of experience, I would say that foreign trade is very, very much dependent on personal relationships, on the relationships that are built, of trust, of credibility, of keeping one's promises. Conquering new markets has much to do with an ant-like work, of starting to sow the seeds, trying to establish good relations and trying to meet the requirements for trade.

Foreign trade is not about being opportunistic, it is not about making one trip and having fantastic results. It is brick-by-brick work. Now I can clearly see that whatever we build upon healthy relationships bears fruit. I have witnessed that clearly at my company.

We try to maintain proper, healthy relations with our clients - because it is part of our DNA -, and that has been benefiting our business. The Arabs are also known to be very hospitable. They are very keen on personal relations. Of course everyone wants to buy for the best price and sell for much more, but the answer is: relations, brick by brick.

And does the government really help when it comes to foreign trade?

I have been in this business for 30 years now, and I have seen many phases. When we started out, the government used to help a lot. The government used to assume the responsibility of promoting Brazilian foreign trade all by itself, in the 1970s and 1980s. Then, there was a period during which the government remained somewhat outside of this process. In the last six or eight years, it has made a really strong comeback.

Presently, the government plays a very important role in promotion of trade, by means of the Brazilian Export and Investment Promotion Agency (Apex), of the Brazilian Ministry of Development, Industry and Foreign Trade, of the Ministry of Agriculture, of the Itamaraty (Brazilian foreign office) and of other organizations.

President Lula (Luiz Inácio Lula da Silva) himself is part of it. Lula came up with this thing of traveling very much, and that fosters trade tremendously. The government has been promoting extremely well organized, interesting missions. Sertrading has been participating in them greatly.

Is there any region of the world that Brazil has not tapped into yet, and in which there are opportunities to be seized?

Surely there are many. I can give you several examples, starting with China. China is an entirely new world for Brazil, untapped and huge. And the Brazilian presence in China is very small, when compared with other countries. Why is it small? Due to a series of obstacles. There is the distance, the cultural barriers, the language and the time. But there are also huge opportunities.

Africa and the Middle East themselves have huge untapped opportunities. Maybe because of a lapse in my formation, I have always been much more inclined to explore new opportunities than to insist on those that already exist. I have never had great trade relations with the United States and Europe. We have been seeking new relations with emerging countries, in Latin America, Africa, the Middle East and Asia, because there are much more opportunities in those regions.

You, Alfredo, are a salesman. What does it take to be a good salesperson?

First of all, to believe in oneself. Secondly, to be persistent, to be good at relationships, and to be prepared for anything. Speaking several languages helps. I do not. I speak fairly good English, and I manage to speak some Spanish and some French. Speaking the (local) language brings you closer to the clients, but not speaking it is not a limiting factor.

In this business, you must be persistent. Foreign trade is a matter of persistence, because you do not close a sales deal on your first attempt. I would say that closing the first deal takes a long time. You make a commercial contact and then nothing happens for six months. Nowadays, with the speeding up of communications, that period may be shorter.

The crisis has led some countries, such as Argentina, to create obstacles to imports of certain products. Is this going to be a global trend from now on?

My business vision has always been one of long-term relations. I have never been one to expect immediate results. In my opinion, the crisis that we are witnessing now is completely cyclic. It has turned out to be smaller than we had imagined. It was worse for some countries. That was the case with Argentina. The United States was strongly affected, and so were Europe and Japan.

However, many emerging countries were barely affected at all. In my opinion, this closing off of some countries is a passing thing. I do not worry about it. We need to seek opportunities. If no opportunity is available at a given place at a given time, you seek another one and leave that one behind. This is the beauty of foreign trade. I have been in this business for 30 years now, and this is a sector that enchants me. The reason is precisely that. There are huge opportunities coming up all the time.

It is a very ample, generalist sector, you might be working with country A, product B today, tomorrow you might be working with country C, product D. And it varies, jumps around, moves on, as things happen and opportunities are created. There is a lot of diversity. You find yourself on a different branch of the tree all the time. The country is closed off? Jump on to another. The exchange rate is low? Then let us work with something favorable to low exchange rates. Is the rate high? Then let us invert the situation.

Has the worst of the crisis, for Brazilian exports, already passed?

Yes. I believe that opportunities are going to improve from now on. I believe that we have not been severely affected. My company was not harmed at all, thank God. Of course there was a crisis. Late last year, there was a serious financial crisis, the lines of credit were limited, there were banking liquidity problems that damaged the business and hit several companies head on. But that is already being overcome, and we are going to have a very good second half. I am very optimistic.

Anba