

BRIDGING THE GAP: BRAZIL AND AFRICA - VIEIRA DE ALMEIDA

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Trade between the regions is on the rise due to recent international bilateral cooperation agreements

There has been a recent increase in commercial and investment activity between Brazil and Africa, including foreign investment in infrastructures and mining, according to Eduardo Lobo Martines, Head of Business & Practice for Brazil at Vieira de Almeida. The firm works in the country with Pinheiro Neto Advogados.

So far the flow is mostly from Brazil to Africa, with, for example, Brazilian multinationals such as Vale investing US\$6bn in the mining sector in Mozambique, and several civil construction companies already working throughout Africa. But the belief is that this will soon change, and Lobo Martines is already seeing Angola exporting goods to Brazil, for example.

"As Brazil prepares for the World Cup and the Olympics, according to latest statistics, it has an infrastructure deficit of R\$500bn (US\$221bn), which the Government cannot finance in full," he says. The National Brazilian Development Bank (BNDES) will only finance between 65-80 percent of these

projects, which means that the remainder must be financed privately. But it is uncertain whether some of the future concessions are financially attractive, as there are still discussions about the rate of return on these projects, he adds. "The Government wants the lowest possible use tariff and, of course, the private sector wants to obtain the highest internal rate possible."



Interestingly, Portugal is playing a very important role in bridging the gap between Brazil and Africa, says Lobo Martines, because of its strong historic ties. "We can also offer investors a level of international experience," says Lobo Martines, "that along with our local expertise help companies to securely manage their investments in the regions".

Investors are therefore now looking to Portugal as a safe platform from which to capitalise on Brazil and Africa, he concludes, which presents numerous opportunities for the country's law firms.