Interview A Lebanese-Brazilian businessman tells *Samantha Pearson* the crisis is an 'embarrassment' to be overcome

'At the end of the day that's what I am — a salesman'

Sales talk: Luis Curi is one of many successful Lebanese-Brazilians
Paulo Fridman

Luis Curi, a Lebanese-Brazilian businessman, is a tireless salesman and negotiator. On learning the FT's photographer needs a new car, the chief executive in Brazil of Chery, the Chinese automaker, breaks off our interview to try to sell him one of the company's most popular hatchbacks, the Celer.

"Just take a test drive! It's an extremely attractive car — a hatchback but with great design . . . a top quality product with the same parts you would find in a GM or Volkswagen car," he says over lunch at a São Paulo steak house. "Not convinced yet? That's because I haven't told you the price yet!"

Mr Curi is one of more than 7m Brazilians with Lebanese ancestry, according to the Brazilian government — a community that is larger than the population of Lebanon itself and which has influenced everything from business to the arts in the Latin American country.

In May, Brazil even gained a second-generation Lebanese immigrant as president. Michel Temer, former vice-president, took over from Dilma Rousseff after she was suspended pending impeachment proceedings, prompting huge celebrations in the northern Lebanese village of Btaaboura where his father grew up. Television images showed villagers waving Brazilian flags and a sequinned belly dancer entertaining the crowds, while one man erased the word "vice" from a sign on a street named in Mr Temer's honour.

Mr Temer's accession is a development that industry leaders hope will strengthen Brazil's trade relationship with the Arab world, which, in spite of the rich cultural ties between the regions, is largely restricted to commodities.

"For more than 25 years now the trade relationship has stayed the same," says Michel Alaby, head of the Arab Brazilian Chamber of Commerce (CCAB). Meat and sugar make up over half of Brazilian exports to Arab countries while fossil fuels and fertilisers account for 90 per cent of imports, according to the CCAB.

Between January and April this year, Brazilian exports to the Arab world totalled $3.46bn, of which 24 per cent went to Saudi Arabia, and roughly 20 per cent each to Egypt and the United Arab Emirates; Lebanon was a mere 1.8 per cent. In the same period, Brazilian imports from the region reached $1.73bn, with 29 per cent coming from Algeria, 20 per cent from Saudi Arabia and 17 per cent from Qatar.

However, Mr Alaby hopes that under Brazil's transitional government the country is more likely to develop new trade with the Arab world and increase exports of manufactured goods. Brazilian investments there and vice versa are also more likely to grow — not because of Mr Temer's ancestry necessarily, but because of his government's efforts to boost international trade, Mr Alaby says.

"With Temer I hope we can go forward with trade agreements, especially at a time when Brazil needs new capital," he says, adding that treaties to avoid double taxation would be vital to the success of the regions' bilateral relationship.

While Brazilian investments in the Arab world are also largely focused on commodities — processed foodmaker BRF, for example, opened a factory in Abu Dhabi in 2014 — he says the market for products such as shoes and cosmetics offers many opportunities for growth. Several Brazilian footwear producers already export to Saudi Arabia.

However, improved bilateral investment, as well as trade, will still largely depend on Brazil's ability to pull itself out of its deep economic and political crisis, says Otto Nogami, an economics professor at São Paulo's Insper business school.

Some hope that the accession of Michel Temer, a second-generation Lebanese immigrant, as Brazil's president will boost trade

Contributors

Najmeh Bozorgmehr
Iran correspondent

Judith Evans
Property correspondent

Simeon Kerr
Gulf correspondent

Samantha Pearson
Brazil correspondent

Anjli Raval
Oil and gas correspondent

Adam Thomson
Paris correspondent

Josh Spero
Commissioning editor

Steven Bird
Designer

Alan Knox
Picture editor

For advertising details, contact: **Mark Carwardine**, +44 (0)20 7873 4880 and mark.carwardine@ft.com, or **Larry Kenny**, +44 (0)20 7873 4835 and larry.kenny@ft.com, or your usual FT representative.
All editorial content in this report is produced by the FT. Our advertisers have no influence over or prior sight of stories.

While investors may prefer Mr Temer's transitional government to that of the Workers' Party (PT) under Ms Rousseff, they are also aware it is only a temporary administration, he says: "There is so much uncertainty . . . foreign investors are postponing their investments to see what will happen with the country first."

Before tucking into a prized cut of beef, Mr Curi says that business runs in the genes of his Lebanese family. "Lebanese Brazilians are known for selling, for entrepreneurship . . . At the end of the day that's what I am — a salesman," he says. Other prominent Brazilians who trace their roots to Lebanon are Joseph Safra, Brazil's second-richest man, and Carlos Ghosn, global chief executive of the Renault-Nissan alliance. The country also owes one of its top hospitals, Hospital Sírio-Libanês, to São Paulo's Lebanese and Syrian communities.

The abolition of slavery in Brazil in the late 19th century created a big demand for new workers, especially on the country's booming coffee plantations, attracting immigrants from Europe and the Middle East, including Mr Curi's great-grandfather. Like many immigrants, Mr Curi's family integrated itself into Brazil's multicultural society, with his grandfather marrying the daughter of an Italian immigrant.

Later, his family worked in the leather trade, making saddles, before going into retail. His father set up his own shop, selling everything from toys to white goods, where Mr Curi began working as a young boy. The business eventually came to a tragic end when his mother fell sick with cancer, forcing his father to take money out of the shop to pay for her treatment.

"Brazilians are a mix of everything — it creates a form of harmonious coexistence that is a source of admiration outside the country," says Mr Curi, citing his friendship with Jewish Brazilians as an example. Brazil's government is itself proof of this, he says. In May Mr Temer chose Ilan Goldfajn, an Israeli-born economist, as his central bank president.

For Mr Curi, Brazil's current recession is just another challenge his family has had to face. Every morning he wakes up at 4am, smokes a cigar on his balcony and checks the latest, often disastrous, industry figures — numbers that will determine his mood for the rest of the day, he says.

Brazil was once the world's fourth-biggest auto market but now it is ranked only seventh — an "embarrassment", he says. "But this is not the first crisis and it won't be the last," he adds, showing a resilience that he also attributes to his Arab ancestors.

"Perhaps it is something about having to survive in such a harsh environment, in the middle of the desert, that makes the region's people so tough."

New middle classes take to Dubai

Tourism China and Africa's economic growth has given hundreds of millions of citizens disposable income, which some are using for holidays in Dubai, finds *Judith Evans*. But can the city cope with the newcomers?

Dubai is known for taking hospitality to excess: the world's tallest hotel, rooms costing $24,000 a night, replicas of Arabian and Russian palaces. But developers in the emirate are turning their attention to travellers on more modest budgets in an attempt to lure the growing middle classes of China and Africa to shop, trade and take holidays.

"We are expecting an increase in that market, a need for more three- and four-star hotels and resorts," says Ali Rashid Lootah, chairman of Nakheel, a state-owned property company. "Our focus now is on the more affordable bracket," he adds.

His company opened the first of 10 planned hotels and resorts in February, a three-star Ibis Styles hotel linked to Dragon Mart — a shopping and wholesale centre which claims to be the largest Chinese trading hub outside China. Dragon Mart has proved so popular that it was extended last year to more than double its space, and Mr Lootah plans another hotel there.

Many nationalities visit Dragon Mart, but the expansion is founded partly on hopes for a steep increase in numbers of Chinese visitors, of whom 450,000 passed through Dubai in 2015. This was 29 per cent up on the previous year but far below the million-plus people who visited from India, Saudi Arabia and the UK, according to government statistics. "We expect Europeans, Russians and locals from the GCC [Gulf Cooperation Council] to continue coming, but we expect many more Chinese and Africans to come," Mr Lootah says.

There are ambitious forecasts for the rise of China's middle class: a report from the Boston Consulting Group and AliResearch last year said China's emerging-middle and middle classes would grow by 5 per cent a year between 2015 and 2020, while the upper-middle and "affluent" classes would increase by 17 per cent a year over the same period. Meanwhile, according to Goldman Sachs, only 3 per cent of Chinese people have passports.

Some 4.1m Nigerians — 11 per cent of the population — can now be described as middle class, according to Standard Bank, a South African bank, although the country's economic downturn casts doubt on the report's prediction that 11.7m people will be in the middle class by 2030.

Nakheel's plans play into a broader government strategy of increasing mid-market hotel availability to help boost total visitor numbers to 20m a year by 2020. Two years ago Dubai offered a series of incentives to developers of three- and four-star hotels, such as waiving nightly municipal charges on hotel stays for a set period and allocating government land for the projects.

> The ruling al-Maktoum family has forged closer links with China and sub-Saharan Africa

They also tally with attempts by the ruling al-Maktoum family to forge closer links with China and sub-Saharan Africa, and expansion of flights by the state airline Emirates to these regions. Sheikh Mohammed bin Zayed al-Nahyan, crown prince of Abu Dhabi, visited Beijing in late 2015, while a string of African heads of state including the leaders of South Africa and Nigeria have visited the emirate this year.

However, the new tourism push comes as growth in the supply of hotels is outstripping demand: despite a 7.8 per cent year-on-year increase in visitor numbers in 2015, occupancy declined by 1.4 per cent to an average 77.5 per cent, according to Deloitte. Revenues per available room, a commonly used metric, dropped 8.7 per cent.

The professional services firm says another 31 hotels due for completion this year mean that the gap between supply and demand will widen further in 2016 and 2017. But it expects visitor numbers to increase again in the run-up to Dubai's hosting of Expo 2020, a world's fair last held in Milan in 2015.

Murray Strang, head of Dubai at Cluttons, the property advisers, echoes these concerns. "At most levels the hospitality market is pretty well supplied, and there are three years to go until the expo," he says.

Dubai — which is a seven to eight hour flight from Beijing and about the same from Lagos — is working to increase awareness in target markets. Its tourism bureau this year carried out a roadshow in three Nigerian cities, seeking to raise its profile in its biggest African source of customers.

Hotels have focused on adapting to the Chinese market in particular. InterContinental Hotels Group (IHG) last year introduced a "China Ready" status, a certification it gives to its hotels that fulfil criteria including Mandarin-speaking staff, acceptance of Chinese bank cards and Chinese tea for guests. Six of its Dubai

Dubai's Dragon Mart (left) serves a different market from the luxurious Burj Al Arab hotel
Getty Images/Arabian Eye; Bloomberg

hotels have the status. IHG says Chinese visitors have spent 70 per cent more nights in its Dubai hotels in 2016 than in the same period last year, but "guests from Africa seem to have marginally reduced their bookings".

Andrew Sangster, editor of industry publication Hotel Analyst, says that Dubai has so far defied fears that it might suffer from hotel oversupply, partly thanks to tourists travelling there instead of to destinations such as Egypt and Tunisia, where they feared further terror attacks. But he says he is concerned that the preparations for Expo 2020 could lead to "unviable projects getting the green light".

"All of history shows that when you have a one-off event such as the Olympics, people get bamboozled by the prospect of a short-term blip. You get classic overbuilding."

Mr Sangster says Dubai will also face a delicate balancing act in attracting middle-class guests alongside the existing stream of wealthy visitors who like the city's sense of exclusivity.

Mr Lootah brushes off concerns that the hotel market could find itself in oversupply. He says that if even a small additional fraction of those who already pass through Dubai en route to elsewhere can be persuaded to spend time in the emirate, that will support growth in visitor numbers. Last year 78m people passed through Dubai International, the airport's operator says, the highest number in the world for the second year running.

"Even after the end of the expo, there will be more visitors. It will raise our profile, raise people's knowledge of Dubai," says Mr Lootah. "The growth of Dubai will continue — and we will still have a shortage of hotel rooms."