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Erling Lorentzen, former President, Lorentzen Empreendimentos S.A.; former CEO, Aracruz Celulose S.A.
Interviewed by Dr. Aldo Musacchio, Professor, Harvard Business School
July 4, 2013 in Rio de Janeiro, Brazil
Video interview conducted in English

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Hello, my name is Aldo Musacchio. I’m here with Erling Lorentzen from Lorentzen Investimentos, a founder of Aracruz Florestal and Aracruz Celulose, in Rio de Janeiro in Brazil. Thank you very much for joining us for this Oral Business History project. I wanted to start from the beginning by asking you if you can share with us a little bit about your early years growing up in Norway and the effect of those experiences on your later life.

Well, I am the youngest of six children and I had a wonderful childhood. The war in 1940 made a significant impact on my life and has probably meant a lot to me ever since.

Yes, if you would, tell us a little bit about your experience during the war.

As I said, the war in 1940 had an important effect on my life. I saw the Germans invade, come, moving in close to my family’s home. I
observed, could observe, their takeover from Norwegian soldiers who hadn’t been prepared for any fighting at all. So that was, in itself, an impressive day. Shortly thereafter my father, who was head of shipping, tried to find where the government was so that he could offer them his services. Finally we came to Lillehammer; I don't know whether you know more or less where that is but it is in the middle of nowhere. And he was then ordered to come further north to meet with the government.

I stayed there in Lillehammer with my mother and one brother; I got into some fighting or at least taking care of wounded soldiers over a couple of months’ time. And that was, to me, a tough but valuable experience: having really to help these wounded soldiers with nearly zero equipment with which to aid them.

Then in 1941, approximately one year later, I managed to get into the underground organization where I was helping out with preparations and such. Strangely enough I became a very close assistant to the head of the underground military movement, in spite of my age at that time—I was eighteen, nineteen years old. I don’t think he had any idea of my age. (Laughs.) So over the period of more or less one year, I worked very closely with him, traveled around, relayed instructions, passed on information, etc.

One day I was called and told through a secret message that the Germans—that one organization in a nearby city had been discovered by the Germans. So I immediately informed my superior and he said, “We have to get out of here but I have to find some papers before I leave.” By
that time there was a telephone call and his wife said it was a strange call. Shortly thereafter, again, there was somebody ringing the bell. So he said, “Well, we have to get out of here.” Quickly we walked down through the kitchen and saw there were German civilians already surrounding the apartment building. But he did not, and I suppose I did not, lose a second. We gave off the impression of being preoccupied and just walked through, kind of pushed the German Gestapo people aside and walked through and got away.

I stayed with him in Norway for a couple of months cleaning things up until we got over to Sweden. He was taken over to London quite soon but I stayed; I was held back in Sweden for about six months.

Funny story. Afterwards I met up with my father, who was then head of all Norwegian shipping and he said, “I already have two sons in the Norwegian Air Force.” He thought at my age I should do something a little less worrisome than joining the Secret Service, which was the goal I had. I had to convince a couple of people and the last person he and I went to was the head of the Norwegian military forces in London. The first thing this man asked was, “Why did you spend so much time in Sweden,” I stayed there for six months, “because I gave orders that you should come serve right away? I read your report,” and so on. So my father was out of excuses for preventing me from joining the Secret Service.

Well, I was then trained for a little over a year and sent back to Norway, to the middle of Norway, to organize and train members of the underground. I did that during the last thirteen months of the war and ended up with
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actually 800 organized, underground participants, very well-equipped because we received several drops from airplanes. So I actually had equipment for 800 people, uniforms, British uniforms, for 400 people, and so on. It was a well-organized situation. Unfortunately, three people were killed during some of the operations.

AM: Was this your first experience in a leadership position?

EL: Well, you could say that, because I was in charge of 800 people there at the age of, let’s say, twenty-one, twenty-two. And I, actually, had to train them how to fight and lead them. So, as you say, it was kind of my first leadership experience.

AM: Shortly after that you went to the United States to Harvard Business School?

EL: Yes. Well, first of all, immediately after the war I became part of the escort, the bodyguard, of the royal family. So that’s where I kind of met the royal family. But I applied to two schools in the States. One was Columbia University’s undergraduate program and the other was Harvard Business School. I got a reply from Columbia saying unfortunately my high school degree wasn’t good enough so they couldn’t accept me. But a week afterward I got a reply from Harvard Business School; they would be happy for me to come there. So I skipped four years of education that way.
**AM:** Is there anything from your years at Harvard that you remember as important or maybe you would like to highlight?

**EL:** Well, I was very impressed with their system, the case method system, and the way that classes were basically discussions that took place between the students and the professors. I think we all learned how to analyze cases and to try to draw conclusions of how a problem should be solved, how to benefit from positive outcomes, and so on. So I kind of told myself, “Here, I’ve been studying for two years, learning how not to do things and how to try to do things.” So it was very valuable. I also made great friends and thus it was a very, very treasured period for me.

**AM:** I know that during this time you were a competitive sailor and a competitive skier.

**EL:** No, I didn’t sail much at that time but I did ski. And I think that possibly the professors knew that on Mondays I wasn’t always very prepared. (laughs.) But I did some interesting skiing. I felt that we had to show that Norwegians can ski, too; not only the Americans or the Europeans who were there.

**AM:** And you’re remembered in this community as being very competitive?
EL: I was. *The New York Times* wrote me up as “the crazy man in the red hat.” (Laughs.) And I won some competitions. I had a lot of fun, too. At times people said, “Erling always wins on Saturdays but not always on Sundays.” (Laughs.)

AM: *I wanted to ask you a little bit about these years after the war before you went to HBS. What kind of dreams did you have? Where did you think you would be going?*

EL: Well, I had—I haven’t said this before but I wanted to join the United Nations. I felt that maybe I could do something there. I discussed that with my father and he said, “Do something else first because then you may be able to join the United Nations at a higher level than you can currently.” Well, I didn’t ever join the United Nations but I’ve at times had contact with them at some levels, made some speeches, and so on.

But I kind of would like to be a world citizen and just—I never gave up my Norwegian citizenship but I feel that there are worldwide problems, not only those in Norway.

AM: *Do remember who were at that time your heroes and role models?*

EL: No. At that time—well, Trygve Lie was the first General Secretary of the United Nations and I had some contact with him but actually not
during his service. Later on I have had good contact with Kofi Annan, for example, regarding some specific projects on which I was working.

**AM:** *Let me fast forward to 1953. 1953 was a big year for you; you got married and you moved to Brazil.*

**EL:** Well, throughout this period of escorting the royal family, I became impressed by the oldest of the princesses there, with her personality and so on. And we, gradually, became friends. Her father, the Crown Prince at that time, at one time asked me if I could teach the two girls, children, sailing. For two summers, actually one, I was sailing a lot with the family. And he asked me to be his crew at times, too. So I had the opportunity to—but that didn’t mean that there was any acceptance of a closer relationship, because there had never been a marriage between a member of the royal family and a commoner. It wasn’t that easy at the time; it took a little time before the family, and even the Parliament, agreed that we could marry. That was back in ’53.

**AM:** *Then you moved to Brazil?*

**EL:** Then we moved to Brazil. In the meantime, it had been suggested to me to look at Esso’s plan to sell their LPG gas distributing company in Brazil, other places in Caribbean, and so on. When I first came to Brazil in ’51, it was with the intention of visiting our shipping agents. But instead of
doing that I started to study this opportunity to buy gas. Finally we ended up getting into serious negotiations in 1952, '53. And I was in Brazil when I received word that we could marry; it was accepted. That was in February and the wedding was planned for May.

I went back several times to New York to negotiate the possibility of buying Gas Esso. Finally, getting close to the wedding date, I had to tell them, “We have to finish these negotiations because I’m going back to Norway to get married.” (Laughs.) So we did it then. We decided to close the deal and we moved to Brazil shortly after our wedding. I say that was quite a courageous move by my wife to join me in Brazil, which was totally unknown to her.

**AM:** What struck you the most about Brazil?

**EL:** Well, as I said, I had been there a couple of times before in '51; the first time was in '51. I was intrigued by the people, especially the attitude of the people, who I felt were intelligent. They were not necessarily educated but, for instance, the maid we hired later on, I always considered her a very intelligent person even if she had no schooling. And they were dynamic, vibrant; people that I felt that I could do something with. I felt I had done my job during the war and I’d done my job in Norway. Now I wanted to see what I could do in Brazil. I have never regretted that.
**AM:** What about in terms of management; what were the differences you found between Norway and Brazil in the 1950s?

**EL:** Well, as I said, I bought the company and took over from the day I arrived there, really; a company where there were one or two employees that spoke English, at Gas Esso. I didn’t speak much Portuguese myself. But I started to run the company from that day. So first thing I did was to change the name from Gas Esso to Gas Bras and things like that.

**AM:** I mean in a few years you accumulated different businesses. And we know that you created a holding company called La Bras Metallurgica.

**EL:** That was at the time a personal company.

**AM:** So you had shipping and gas.

**EL:** But my major job in the beginning, over at least seventeen years, was Gas Bras, which I was able to—Esso had 15,000 customers at the time. When I sold it seventeen years later we had over 2.5 million clients, delivering I think about 100,000 gas bottles per day. But it was already a big organization.

**AM:** Is this a major milestone for you in terms of your trajectory as an entrepreneur?
EL: Yes. I was running a business. It was no doubt my first trial since my military service.

AM: And if I can ask you about shipping, your grandfather was a pioneer?

EL: He was actually—he and his family immigrated to Brazil in 1890; my father was ten years old then and he had a brother, a younger brother, and a younger sister. The whole family moved to Brazil; immigrated, really. And my grandfather started a shipping company in Brazil, actually he moved first to Pelotas in Le Grande do Sol. But his major shipping activities were up north in Sierra Amazonas and they ended up with pretty sizable shipping activity up there. My father went back when he was sixteen to Norway to complete his studies. My grandfather became sick, say about 1915 or thereabouts, and went back to Norway, where he died. So there was no real continuation in Brazil except that we all grew up with my father saying, “Brazil is the country of the future,” (laughs) which you can continue to say. And he started a shipping line between Norway and Brazil, Argentina, and so on. That’s where I visited agents. But still talking about my father, I think he loved Brazil from his youth. One of his satisfactions in life was when my wife and I settled in Brazil. So that was a good feeling for him, I think, and for me.
**AM:** Let me fast forward to the 1960s. It was a period of change in Brazil. We have military rule after ’64. The state becomes a very important actor, perhaps beginning in the 1950s, but especially in the sixties and seventies, and it takes a central role in developing the country, etc. And this is when you come up with the idea of Aracruz, of making pulp in Brazil.

**EL:** Well, already while I was head of the gas business I had started other activities, some smaller industrial activities. I became interested in forestry, actually. My friend Eliezer Batista had the idea that we could transport wood chips from Brazil to Japan in a combination of iron ore vessels and wood chips. I started to study that and found out a few things. First of all, if you have a ship that is transporting 100,000 tons of iron ore, it has to be just this size. If you want to add, let’s say, 30,000 tons of wood chips, the ship has to be that much bigger.

Secondly, there is a combination issue I heard about when talking with people. They said that the worst thing we could do is get iron ore dust in the wood. So after a while I went back to Eliezer and said, “Why don’t we make—instead of transporting this cheap product from Brazil to Japan—why don’t we build a pulp mill in Brazil?” So I kind of developed an interest in that back in ’68 or thereabouts.

**AM:** Initially you found it hard to finance this idea?
EL: Well, it started out as a 170,000 ton pulp mill. I found that just uninteresting. We gradually ended up with a 400,000 ton pulp mill, which was actually the largest that had been built by that time. Obviously, that was no easy idea in terms of financing because it represented $600 million, over $600 million, which back in those days was a sizeable amount. I had good contacts at BNDES [Brazil Development Bank] and they said, “You need to find foreign capital.”

So I went, traveled around, and tried to sell the idea to get financing and so on, including to the World Bank, to IFC; I talked a lot with them. And finally I got a letter from the head of IFC saying, “We don’t believe in your project.” I got a letter with sixteen points why he didn’t believe in it. So I went back to BND and they said, “Okay. We’ll finance it; we’ll help you.”

AM: And you told me that the IFC letter, one of the points was that they didn’t believe you had the shipping capabilities.

EL: That was one of their arguments: how to transport, because it was—I based it all on an export project and the only question was how to transport it. But first of all I said to myself, “At least this is one thing I know more about than IFC.” And secondly, we managed to build a special port in the country. Part of the government at the time said, “There are sufficient ports in Espirito Santo. Why build another port for this?” But I
got it through and, fortunately, it was one of the bases for the success of Aracruz. Today it is a really big, big port.

**AM:** But this is where, in Espirito Santo?

**EL:** Well, at Aracruz; we built a special port there.

**AM:** As chairman of the company, you saw it grow in the seventies and the 1980s when Brazil went through two oil shocks, the debt crisis, the beginning of inflation, the transition to democracy in ’85. How was it to actually manage the crises?

**EL:** Well, President Geisel was an important man at the time. Years afterwards I met him. He said, “You have no idea how many times we discussed in the government whether we should support this crazy Norwegian who wanted to create a pulp mill in Espirito Santo.” Well, you know, the oil, first oil, crash came in ’73 and the government was determined to get through that and then—I think we can say that it was a determined government that managed to get through these crises. When the military control was over in ’86 or thereabout, they made a new constitution in ’88, which reestablished democracy in Brazil.

Obviously, there were tremendous difficulties. Inflation was one, which was a very tough period for—at least for the most part—for laborers and poor people. The monthly inflation from forty to seventy percent per
month is very tough when your salary is based on the previous month; then
getting paid bi-weekly, you saw that inflation had eaten up quite a lot of
whatever salary you got. So it was tough period but Brazil got through it.

*AM:* *What about accounting, I mean keeping the books up to date with*
*high inflation?*

*EL:* Well, you had this, what is it called? You readjusted everything.

*AM:* *Monetary correction.*

*EL:* Monetary correction with inflation, recognition inflation every
month and then, that was the question. We had great problems...I have to
try to remember which year it was. We needed additional capital in
Aracruz. We were looking for international financing of about $250
million. But in order to work this out with Morgan Stanley and Sachs and
so on, they had to base their estimates on the past two years’ accounting.
And when you’ve had a change practically every month for two years, it is
not easy to assess your value. It took us about six months to be able to
present the proposal for a capital increase, which was approved by
underwriters in May of that year.

*AM:* *1992?*
EL: ‘92, yes. The day after we received approval from our financiers, or underwriters, and the stock exchange, the following day, President Collor’s brother published his criticism of his older brother for corruption. If we hadn’t made the arrangement on that day, it would have been a disaster for the capital increase that we were seeking. That was really the first listing of a Brazilian company on the U.S. Stock Exchange.

AM: It was the first Brazilian ADR [American Depositary Receipt]?

EL: ADR system.

AM: Beyond convincing the underwriters, did you have a hard time persuading the investors that buying stock in a Brazilian firm in the middle of the hyperinflation years was a good idea?

EL: We did not have an agreement with one of our principal shareholders, who was based in London, and we were sitting on the phone with him for six to eight hours, I think, relaying to him that we had to decide. He said, he insisted, that we should get a better price. But, fortunately I decided it was then or never, so we went ahead; the next day it wouldn’t have been a success.

AM: Since we are talking about financing, let me ask you about BNDES, or BND back when they were supporting Aracruz. Today, 2013, they are
criticized for picking national champions, the wrong national champions. But Aracruz is one of the few examples of that period, the earlier period, where I think people agree the role BNDES played in supporting the firm is very important.

**EL:** Well, I think there is no doubt that BNDES and its president, Marcos Vianna, for whom I have great respect, allowed us to go forward. We didn’t succeed with the international financing because, actually, the market had dropped for pulp and so on; I don’t look at the markets in the short-term so I was insisting that we had to do this on a long-term basis, to look at the trend. And BNDES decided to support the project.

I think it has been twice, actually, that they have supported the Aracruz project. And today I think we can see that it’s been a great success based on their support. Then I know, as you said, that they received criticism for financing so-called foreign companies. Actually, my part was always recognized as Brazilian because as I was a well-established Brazilian resident, and residence, not nationality, was always an important factor.

**AM:** Let me fast forward a little bit to the 1990s; this is when the global environmental movement really takes off. In 1992 you had here in Rio de Janeiro the summit, the Earth Summit, which was a big, significant point for the environmental movement. At that point, you were seen as an environmentalist by entrepreneurs in Brazil. But in the opinion of NGOs
like Greenpeace, your company, Aracruz, was seen as the enemy. How did you deal with this?

EL: Well, first of all, I think it is interesting that I was invited by Stephan Schmidheiny to be part of the group of organizing the presentations for the 1992 conference. So I was involved, quite clearly involved, in that already beginning in 1990. I was convinced that creating jobs, supporting social development, and the economy was worthwhile, was the right thing to do. But for the others, Greenpeace, etc., there were three points of criticism: one was that, according to them, we were cutting down natural forests; I don’t think the criticism had value. Before my time, in a way, there had been some clearing of what you could call natural forests, but I feel we quickly stopped that.

The second was the problem of Indians. I think that the Indians came to the Aracruz area when they saw the potential development there. So it was not so much—there were some Indians there before and I believe we had good relations with them. But a great number of the Indians that ended up there were really from elsewhere, and that is a problem we worked on for years and years. I remember I was able to come to agreements, always through the government; I thought this was the government’s responsibility and there were always negotiations mediated by the government. So we made agreements, settlements, to help them economically, socially, educationally, and so on.
I think a big agreement I was personally involved in was in ’98. And I remember people told me they were happy that I had been able to settle this dispute. I recall that I said to my people, “Don’t believe that this is the end of it because it will bring you more problems.” I mean I’ve had, or Aracruz has had, that problem throughout the years. After I was no longer there, there was a period when the Indians requested 13,000 hectares of forest, planted forest; they wanted it for agriculture and it became a settlement. This was after my time. But the one condition in both cases, really, was that they should be allowed to cut down the planted forest to use it for agriculture and, in the latter case, it’s sad to see that these 13,000 hectares, which Aracruz gave up, have not been used for anything; they are just totally abandoned.

I should add that I was given an, what do you call it, Indian headdress by one of the groups. I still have it and I am very honored, and I stayed in contact with them. The 21st of April is Indian Day and I used to go there and spend the holiday with them.

The third thing Aracruz was criticized for is draining the subsoil. However, we proved very decisively that, while eucalyptus roots go down to a maximum of two and a half to three meters, the subsoil water level is from fifteen to twenty-five, thirty meters down. So it was proven scientifically. We had foreign universities joining in the studies to prove that there was no difference between the use of water by natural forests, native forests, and planted forests; the water usage was exactly the same so there could be no claim of drainage.
But these things continue. And whatever you do, you always find people that will criticize you.

**AM:** Beyond these criticisms, Aracruz is known as an innovative company. I wanted to ask you if you can tell us a little bit about the kinds of innovation that you oversaw in the company in terms of forestry.

**EL:** Innovation. Well, that is, in a way, after my time. You mean scientific development, yes, right from the beginning. But we were never really criticized for that.

**AM:** I said beyond criticism you are known, Aracruz is known, as an innovative firm; for example, the time it takes to grow a tree in the Aracruz forest has been reduced.

**EL:** There was no criticism of that. You know, the development that Aracruz had over the years, we started out with about twenty cubic meters of growth per hectare per year. And now we are, I’m still saying we, we are now up to forty-five or something like that. It is the same land we have used over several generations and there is no misuse. Actually, as a result of all the leaves falling, the soil is improving in relation to what it was. Agriculture people say, “Oh, Aracruz-planted forests have been—the soil is better than it was.”
**AM:** Since we are on the topic of sustainable development, I wanted to ask if you can tell us a little bit about the other enterprises or the projects that you have in that area.

**EL:** Well, I’ll go back to, let’s say, ’92. I was asked by the then president of the business council if I would take over the leadership after him. I didn’t accept that invitation because I felt I had enough to do here in Brazil. But in ’94 I felt that the forestry industry as it, worldwide, not only Aracruz but the entire forestry industry, was being criticized, including many of the same criticisms we had heard. So I felt that we had to have a totally independent study that could tell us, tell the world, what is wrong and what is right in the forestry industry.

So I managed to organize a totally independent study, which actually cost $3 million and took two years to complete. I got support for—I even went to the Norwegian Prime Minister, the well-known Brundtland, Gro Brundtland, and asked her for financial help for this study. And she came back and said, “We can support it if you guarantee that it is an independent study.” So I told her, “I’m leaving for London tomorrow and I will make a contract with IIED, International Institute for Environment and Development.” And she said immediately, “I know IIED and I know the man who is in charge and you can have our support.”

I got support, financial support, from the World Bank. I got support from Sweden, from Finland, from Canada, even from Japan. I traveled all around. And at one time I went to the European Union and criticized their
attitude on eco-labeling because I said that that is already environmentally correct with forest plantations, using paper. I was arguing, I didn’t get much support there, but then I told them about this paper, this study that I was working on. The fellow there in the European Union, he said, “Well, that we can support.” I got $300,000 out of the European Union, which I thought was a good sign.

Well, your question was I have been criticized on one side and I’ve been a developer on the other side. I feel very comfortable with that situation. I think we, Aracruz and so on, have been doing the right thing, I mean, expanding valuable development in Brazil. Aracruz is now the world’s biggest pulp producer in short fiber pulp. At one point the university, the Getulio Vargas Foundation I think it is called, conducted a study and reported that 100,000 people benefit from the existence of Aracruz. So that was a good sign.

**AM:** And you grew from making an impact on 800 people back in Norway to 100,000 people in Brazil. Maybe I can ask you about one more important turning point for Brazil, the 2002 election, when it was clear that Lula was going to win and when he won. I wanted to ask you if you felt at any point that this was going to be a problem for your business here in Brazil?

**EL:** Well, I have had the pleasure of being an international advisor to three organizations: Reynolds Industries, AIG, and a French group that is
now called Danone. But I remember that discussion; everybody, especially in America, was so worried about the possibility of Lula winning the election. I tried to argue that people shouldn’t worry about this because, first of all, I don’t think he is a Communist, as they feared. He may be a socialist in the European terms but even in European terms he is a moderate socialist.

But people in the U.S., they worried about this and I argued against it and I think I was right. All governments could be better but I have great respect for Lula’s performance and the way he sold Brazil to the world and made people here so different in their attitudes and so on. I think he was very helpful as was his predecessor, Henrique Cardoso. So I think it was political fortune to have these two. We will see what happens with his friend now, Dilma Rousseff. It is not easy; she is not in an easy situation but I think, basically, she is trying to do the right things.

**AM:** I have two more questions for you. One, we’ve now covered about seventy years of your career here in Brazil. I wanted to ask you, what were the, perhaps, the two most important transformations in your eyes, in Brazilian capitalism during this period?

**EL:** Well, first of all, I think there has been a great change for the people; I’m always interested in the people. As I mentioned, my belief, initial belief in Brazil, in the Brazilians, that’s turned out to be correct: they are intelligent; they are clever; they are imaginative and vibrant; and in
many, many ways they have shown capacity to do things. I’m not always saying the same things about politicians, but that’s another story.

**AM:** What about for Brazilian capitalism as a whole; what would you say in your lifetime here has been the most important transformation you observed?

**EL:** Well, they are clever. They are energetic, imaginative, and so on. What I would like to have seen is more social concern in many, many organizations and individuals. I feel we could do more, could have done more, and can do more.

**AM:** If you allow me to ask you this last question, imagine in fifty years someone is watching this video somewhere else in the world, what would be the two or three things that you would want people to remember you by?

**EL:** Well, I suppose it’s my insistence on no corruption. That’s what I said right from my first days in Brazil. If corruption is needed, just forget me. Also my insistence on doing things, trying to create things.

But if you allow me a few more words, after I resigned from my Aracruz days I decided I wanted to see if we can do something in Africa because I felt that Africa was in more need than here. So I’ve tried to develop projects in Africa. I went to Angola first; I found that too corrupt for my liking. Cameroon was even worse. I ended up, through some
friends, in Ghana, and I’ve been working there for five, six years. And I’m very happy about what I think I will be able to do there, though I haven’t really succeeded in anything concrete yet.

**AM:** What kind of projects are you looking at?

**EL:** Well, I have three projects, big projects. Two of them are based on forestry. My original idea was to use my experience to create the basis for somebody to continue to do things but on a correct and solid basis. I have an industry group that is interested in taking over the day I have everything legalized and every aspect, socially and environmentally, established, the way I want it. I hope to get there within the next few months.

Second, which is also based on forestry, is to create energy, electric energy. That is based on developing forests where you create a so-called CO2 sink and then you start to burn it to produce electricity. I recognize that from there on I will burn only as much as grows back. So I say, okay, from there on it is neutral, CO2-wise. But then I create electricity which is highly needed in a country like Ghana, as in the rest of Africa because, as you can see from Obama’s recent declaration, energy, electricity, is the basis for development. And that’s what I been working on in this second project and I hope also to have that clear and financed and everything within the next few months.

**AM:** Maybe this time the IFC can come finance it?
EL: Well, my experience with IFC has not been the best. But there is a third project, which I’ve been working on and arguing for, in agriculture. Because I recognize that planting forests—there are lots of people that will say that the soil should be used for producing food. So I’ve got an agricultural company to join with and so far they are concentrating on large-scale sugar production. So that’s a project I’m working on these days. I am as busy as I’ve ever been.

AM: If I may ask one last question. Brazil has seen foreign investors and foreign entrepreneurs come and go but you have been here for seven decades. What would you say to future generations of entrepreneurs, foreign entrepreneurs, who venture into Brazil; what’s the secret?

EL: Well, I return to the capability of the people. I think that—well, Brazil is a huge country, has raw materials that can be used, and so on. There are economic benefits. But there again, I base myself on human ability. That is where Brazil has strength. They are moderate. We have seen these demonstrations these last few days, which are impressive. And for me it is impressive in a way that I think we, surprisingly, have never seen before in terms of political demonstrations. There has not been a big, political development in a country where so many people are poor and so on.

Recently we saw, and still see a little of, demonstrations. They are not political. They are not based on political parties. They are people who
want better development, better policies, and a better life. And it is very interesting, very positive, to see this strong movement countrywide. It is all over the country—demonstrations for change and improvements. Though there has been some vandalism, you could have expected much more when getting millions of people together.

*AM:* Probably we’ll see some changes coming. I want to thank Erling Lorentzen for this interview for the Oral Business History project at Harvard Business School. Thank you, Erling.