
Brazil Is in Iraq Trying to Drum Up Business

Contributed by Geovana Pagel
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Through the Arab Brazilian Chamber of Commerce Brazil is participating in the Kurdistan DBX Trade Show, an international fair for reconstruction of Iraq. The multisectorial fair starts this Tuesday, November 11, and ends on Friday, November 14.

The fair is taking place in Suleimaniya, one of the most important tourist cities in the region, some 198 kilometers away from Erbil, the capital of Kurdistan, located in the north of Iraq.

Apart from disclosing the work promoted by the Arab Brazilian Chamber, the institutional stand should also show promotional material of class organizations and Brazilian companies in several sectors like chicken, beef, dairy, electronic products, agricultural machinery and medical equipment.

Approximately 250 companies, from Iraq and other countries, should participate in the event. "The Arab Brazilian Chamber is at the disposal of the government and of companies in the search for business opportunities and should also invite them to visit Brazil," said the secretary general at the Arab Chamber, Michel Alaby, who traveled to Iraq to participate in the fair.

"We should also visit the local Chamber of Commerce and meet with the minister of Foreign Trade of Iraq," said Alaby, who should be accompanied by the ambassador of Brazil to Iraq, Bernardo de Azevedo Brito, as the embassy of Brazil in Iraq should also have an institutional stand at the DBX.

According to Carlos Santana, deputy head at the Fair and Tourism division at the Brazilian Foreign Office (Itamaraty), this is the embassy's second participation in the fair with an institutional stand, granted by the organizers.

"Based on the evaluation of last year, we may state that the fair is very well organized and presents a promising opportunity to make contact with importers from Iraq and other regions of the world. Our main objective is to disclose the potential of Brazilian companies in the region," pointed out Santana.

"There are many existing opportunities, all you have to do is find the best route to reach them," said Alaby. In reconstruction, Iraq needs a large variety of products. Some regions of the country are already considered safe, like the North, for example. The flow of foreigners into Iraq is growing by the day, mainly through the route between Erbil and Vienna, the capital of Austria. With the most favorable environment for business, commercial chances are greater.

According to figures presented by the Market Development Department at the Arab Brazilian Chamber, the civil

construction sector is extremely strong, being one of the main powerhouses for the growth of Iraq. Many multinational construction companies are concluding local projects, attracted by the ease promoted by the government. In the agricultural food sector, the good consumer market may be pointed out, including almost 29 million people.

Among the products with greatest potential, the highlight is for hospital equipment, machinery for construction, equipment for extraction and production of oil, systems for telecommunication and food in general.

The trade figures between both countries also show plenty of room for growth. Bilateral trade between Brazil and Iraq, from January to October 2008, was US\$ 1.174 billion, representing growth of 607.3%, with regard to the same period in 2007. In these 10 months, exports from Brazil to Iraq totaled US\$ 97 million, growth of 38.38% over the same period in 2007, when they reached US\$ 70.65 million.

As an Arab supplier to Brazil, Iraq leapt from the 7th position in 2007 to the 4th position in 2008. Brazilian imports from Iraq, from January to October this year, exceeded US\$ 1 billion. There was growth of over 1,000% over the same period in 2007, when they reached US\$ 95 million. Oil answers to 99.9% of exports from Iraq to Brazil.

Among the Brazilian products exported to Iraq, 80% are in the soy complex, 13% are sugars and 3% are processed foods. As the fourth item in the trade basket, still very small, is machinery. "These four products answer to 96% of Brazilian exports to Iraq. It is necessary to diversify and increase exports," said Rodrigo Solano, Market Development Manager at the Arab Chamber.

"In the face of the potential identified, Iraq has a low position among the Arab destinations for Brazilian exports. The country offers opportunities in infrastructure, capital goods and food. This is the reason for participation by the Arab Chamber, to kick-start actions and bring both markets closer together," said Solano.

Iraq

The capital of Iraq is Baghdad. With an area of 441,839 square kilometers and population of 28.9 million people, the country is located between the Tiger and Euphrates rivers, where ancient civilizations like the Sumerians, Akkadians, Babylonians and Assyrians flourished. The country is a member of the League of Arab States, the Organization of Petroleum Exporting Countries (OPEC) and an observer at the World Trade Organization (WTO).

The economy of the country is sustained largely by the oil sector, which represents 95% of products in the country export basket. The main agricultural products are wheat, barley, rice, vegetables, dates, cotton, beef and sheep. The main industries are oil, chemical products, textile products, leather, building material, food, fertilizer and metals.

The building sector in the country is evaluated at around US\$ 100 billion, among the largest in the world. The building projects are many and the market posts almost no restrictions. Over the last 12 years, two airports were built in the North

of the country, 1,200 kilometers of tarmacked roads and 20 bridges. The reconstruction of Iraq is partly funded by oil revenues.

The northern region of the country is strong and produces 50% of the wheat, 40% of the barley, 98% of the tobacco, 30% of the cotton and 50% of the fruit produced in the country as a whole. These figures are reflexes of the good water resources of the region.

Still according to the study by the Arab Brazilian Chamber, the main objective of the government of Iraq is to implement infrastructure projects encouraging local participation and reducing bureaucracy. Some projects benefit sectors like oil, energy (with the construction of hydroelectric power dams and thermal mills), airports, roads, railways and habitation.

According to the Economist Intelligence Unit (EIU), the estimated growth of the GDP of Iraq for this year is 6.6%, connected mainly to the improvement of safety, especially in the private areas. Growth of exports was boosted by the return to oil producing activities north of Kirkuk. There is recovery of investment and the retail and wholesale sectors are heated.

Anba