

The G8 Isn't a Representative Forum Anymore, Says Brazilian President

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The President of Brazil, Luiz Inácio Lula da Silva said Tuesday, November 11, in Italy, where he is in an official visit, that he did not expect major results from the meeting of 20 nations in Washington, this weekend, to discuss the global financial crisis, but "it's a promising start."

"We still do not have the perfect diagnosis of the causes of the crisis and don't expect much from this G20 meeting on November 15 in Washington," said Lula da Silva at a meeting of Italian unions in Rome.

"It will be the first meeting, it is the beginning, a promising start," said the Brazilian leader who is also acting president of the G20.

Speaking at a news conference with Italian leader Silvio Berlusconi, who chairs the G8 next year and proposes turning it into a G14, Lula welcomed the fact that the G20 seems to be taking over as the main forum for tackling the crisis.

"We must use the crisis as an opportunity to correct things that were wrong before the crisis and strengthen multilateral bodies, because in a globalized world we need serious and representative forums to take global decisions," said Lula.

"The G8 no longer provides this response and we need to have other countries and other continents for more democratic, more plural decisions," he said.

Lula added that since each head of government would have just a few minutes to talk in Washington, the talks would only serve to "formulate proposals" on issues like "how will the financial system function and what sort of regulations it will have."

Berlusconi agreed with Lula da Silva that not too much should be expected of the Washington gathering.

Comments seem to be in line with International Monetary Fund Managing Director Dominique Strauss-Kahn who in a weekend newspaper interview warned that "expectations should not be oversold."

Strauss-Kahn played down any prospect the meeting will lay the foundations for new financial governance, saying: "Things are not going to change overnight... A lot of people are talking about Bretton Woods II. The words sound nice but

we are not going to create a new international treaty."

Brazil has floated the idea of promoting a new Bretton Woods, the monetary and financial conference that took place in 1944 to regulate the global financial system, which is still being used internationally.

In related news the São Paulo state government said it would extend a 4 billion real (US\$ 1.8 billion) credit line to the automotive industry to help it ride out the current financial crisis.

This is the second injection to the auto industry: the federal government had previously made available another US\$ 1.8 billion loan.

São Paulo's Finance secretariat said in a statement that the money would be lent by state-controlled bank Banco Nossa Caixa, which will offer loans with maturities of up to 18 months to vehicle financing units.

Sales of new cars and trucks in Brazil slumped 11% in October, hurt by a severe retraction in the availability of credit due to the global financial crisis.

The slowdown follows three years of sustained growth in Brazil's auto market, which has benefited from a credit boom that helped fuel a surge in consumption. But the availability of credit has evaporated in the last two months, threatening to derail one of the fastest-growing industries in Brazil.

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