

Brazil's Lula Signs Public-Private Partnership Law

Contributed by Juliana Andrade
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Brazil's President Luiz Inácio Lula da Silva authorized the law creating Public-Private Partnerships (PPP's). The project establishes general rules for private firms to undertake projects in conjunction with the government.

The idea is to make it possible to invest money in infrastructure (telecommunications, transportation, energy, etc.) The law also sets a minimum period of five years and a maximum of thirty for the execution of partnership contracts with a minimum investment of US\$ 7.5 million (R\$ 20 million).

Each contract must have at least 30% of private capital, with 70% left over for the Federal Government. The choice of investments will be carried out through auctions.

According to the vice-president of the Brazilian Association of Infrastructure and Basic Industries, Manoel Ribeiro Filho, the PPP's will add jobs both in the execution phase and afterwards.

He explained that the infrastructure projects will represent a gain for the country in terms of export capacity.

Zero GDP

The president of the Central Bank (BC), Henrique Meirelles, considered normal the zero growth in the Gross Domestic Product (GDP) in the final quarter of 2004, following a big increase in the third quarter of the year.

The GDP corresponds to the wealth generated by the country. "This is a phenomenon of things settling in place. Completely normal in every process of renewed growth. This is significant, and it is healthy," he commented.

In Meirelles's view, the basic fact is that the economy will grow 5% this year. In his opinion, what is important is that "we project a growth of 4% in 2005, something that was never even entertained in general terms as a possibility by analysts."

He explained that the fact that the growth rate was nil doesn't mean that the economy stopped growing. It occurred simply as a process of stabilization in relation to the third quarter.

Translation: David Silberstein
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