

Lula Calls on Saudis to Join Brazil in Creating Petrochemical Powerhouse

Contributed by Alexandre Rocha
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Brazilian president, Luiz Inácio Lula da Silva, said this Sunday, May 17, at the end of a two-day trip to Saudi Arabia, that he called on king Abdullah Bin Abdulaziz Al Saud for the two countries to jointly seek reciprocal investment opportunities.

"We made this trip at an important moment, most of all because of the crisis," he said during a press conference held at the residency of the Brazilian ambassador to the country, Sérgio Canaes.

Lula met with the king Saturday evening and, according to the president's account, they spoke for two hours. "My proposal to the king is that we find investment opportunities," he stated. In his opinion, his visit and the trips by Saudi authorities that should take place in the future create the possibility of "recovering time lost in relations" between the two countries.

Despite underscoring the strong increase in bilateral trade in recent years, Lula declared that "given the economic potential of the two countries, several other possibilities exist." As an example, he mentioned the Saudi development program that forecasts investment of US\$ 800 billion up until 2020 in fields such as industry, infrastructure, services, education, and the building of four "economic cities."

To Lula, the Saudi projects represent opportunities for trade and investment to Brazilian companies operating in different sectors, such as civil construction, petrochemicals, heavy industry, education, and science and technology.

He highlighted the petrochemical industry, which may be the target of future partnerships. Saudi Arabia has 25% of the world's oil reserves and Brazil should considerably increase its production of the commodity with the entry into operation, in the next few years, of wells discovered recently in ultra-deep waters, in the so-called pre-salt layer off of the country's southeastern coast.

In the president's opinion, Brazilian and Saudi companies can unite to undertake large enterprises in the sector in both countries, as they possess the raw material and know-how for producing petrochemicals. "The market is currently dominated by the United States, Europe and Japan," he stated, adding that "if we effectively close deals," then Brazil and Saudi Arabia might emerge as a new powerhouse in the area with their bi-national projects.

"Brazil does not wish to be an oil exporting country, it should build large refineries and export higher value-added derivatives," said the president. "Saudi Arabia does not wish to export oil exclusively, it wants to invest in science and technology in order to export higher value-added products," he declared earlier, in an address during luncheon at the Riyadh Chamber of Commerce and Industry.

When asked by a Saudi journalist about the possibility of Brazil being interested in exploring mineral reserves in Saudi Arabia, the president said that Companhia Vale do Rio Doce, the world's second largest mining company, "is perfectly capable" of exploring for ore in the country. Aside from petroleum, Saudi Arabia has underground reserves of gold, iron ore, copper, phosphates, silver, uranium, bauxite, coal, tungsten and zinc.

Along the same lines, Lula underscored that Brazil has the Growth Acceleration program (PAC), of the federal government, which forecasts investment of US\$ 300 billion in infrastructure. In addition to petrochemicals, the president stated that Saudi companies may invest in Brazil in sectors such as agribusiness and civil construction.

In order to make investing in the production sector viable, he suggested that if instead of putting their monetary reserves in bonds of the United States Treasury bonds, countries such as Brazil and Saudi Arabia were to build factories, invest in science and technology, universities and food production, "then certainly in 20 or 30 years they would be infinitely better than they are now."

"The world will not protect those who have no courage to dare," he said at the Riyadh Chamber. "It is important to implement initiatives for overcoming the crisis and come out of it stronger," he declared. During the press conference, the president also added that at a moment of crisis, countries need new investment to keep the economy going.

By the same token, he said that the expansion of international trade in the crisis will be "a great anti-cyclical measure," and that he counts on Saudi Arabia as a new ally for the conclusion of the Doha Round of the World Trade Organization (WTO).

In the meeting with the king, Lula reaffirmed the support of Brazil to the Saudi proposal for peace between Israel and Palestine, adopted by the League of Arab States in 2002. By the initiative, two independent states would be established, based on the borders that existed before the Six Day War, in 1967.

He once again said that Brazil is ready and willing to help solve the conflict, and stated that the new president of the United States, Barack Obama, may influence the issue positively, because he has "a fresh head and willingness to do new things."

Lula, however, called attention to the fact that Obama assumed the presidency recently, and that it takes some time "in between being sworn in and taking care of the machine." "Proceeding with caution is best," he said.

The minister of Foreign Relations, Celso Amorim, added that Brazil has good relations with the parties involved in the conflict and "may exert a positive influence. Proof of that, according to him, is the fact that the new Israeli foreign minister, Avigdor Lieberman, has already made a request to visit the country.

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