

Lula Took Over 40 Big Brazilian Companies with Him to Saudi Arabia

Contributed by Alexandre Rocha
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Over 40 Brazilian companies and sector organizations have accompanied Brazilian president Luiz Inácio Lula da Silva on his visit to Saudi Arabia this past weekend. The delegation included representatives of large companies such as Petrobras, Vale do Rio Doce, Marcopolo, Randon, Odebrecht, Andrade Gutierrez, Queiroz Galvão, Sadia, Perdigão and Avibras.

"The president's visit may open up many business opportunities," said the president of the Arab Brazilian Chamber of Commerce, Salim Taufic Schahin, who was on the mission. "Political support helps commercial causes," he added.

Despite the reduction in oil prices, the Saudi government has decided to increase public spending in the 2009 fiscal year, and has even forecasted a budgetary deficit. The objective is to try and keep the economy running.

Schahin declared, for example, that a project for building six new cities is underway in the country. The plan aims to decentralize the distribution of the population, currently too concentrated in the capital Riyadh and in Jeddah, which is the country's main economic center. "This represents a huge opportunity for companies operating in the fields of construction, engineering and infrastructure," he stated.

The Brazilian ambassador to Riyadh, Sérgio Luiz Canaes, said that there was great expectation in the country regarding the visit of president Lula, who was welcomed by king Abdullah Bin Abdulaziz Al Saud. "The two heads of state have a great rapport," asserted the diplomat.

He highlighted the fact that the two countries, both of which are large developing economies, have common interests that have not yet been fully tapped into, especially in the fields of trade and investment. Brazil and Saudi Arabia are part of the financial G-20, a group of the world's 20 largest economies that is at the cutting edge of the search for solutions to the global crisis.

Lula traveled along with foreign minister Celso Amorim, the minister of Development, Industry and Foreign Trade, Miguel Jorge, the minister of the Social Communications Secretariat of the Presidency of the Republic, Franklin Martins, and his foreign affairs advisor, Marco Aurélio Garcia.

In addition to meeting with the king and signing bilateral agreements, Lula also met with the secretary general of the Gulf Cooperation Council (GCC), Abdulrahman Al Attiyah. The GCC is the economic bloc comprised of Saudi Arabia, Bahrain, Qatar, the United Arab Emirates, Kuwait and Oman that is currently negotiating a free trade agreement with the Mercosur.

The president also participated in entrepreneurial meetings, such as breakfast at the Saudi Arabian General Investment Authority (Sagia), the country's investment agency, and luncheon at the Riyadh Chamber of Commerce and Industry.

With regard to the private sector, the businessmen in the Brazilian delegation attended business roundtables with representatives of Saudi companies.

One of the Brazilian companies integrating the mission is Randon, a maker of highway implements and auto parts. "We want to expand our business with Saudi Arabia, which is a large market that we already sell to," said the director of the company for the Middle East, Jascivan Carvalho.

In addition to exporting directly, Randon owns assembly lines, in partnership with local businessmen, in Morocco and Algeria. It is contemplating implementing similar businesses in other Arab nations, including some in the Gulf region.

On the sidelines of the business meetings, the Arab Brazilian Chamber of Commerce signed a cooperation agreement with the Riyadh Chamber for promotion of trade and investment. Along the same lines, the National Confederation of Industries (CNI) started partnerships with the Council of Saudi Chambers of Commerce and Industry, with the Riyadh Chamber, and with the Jeddah Chamber of Commerce and Industry.

According to the executive manager for foreign trade at the CNI, José Frederico Alvarez, the agreements provide for cooperation between organizations and forecast actions such as exchange of information on each country's industry, and support to missions and other commercial promotion events.

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