

Algeria Is an Opportunity That Brazil Can't Lose

Contributed by Alexandre Rocha
Saturday, 20 August 2005

The Brazilian businessmen have to look, in a more incisive manner, at the existing business opportunities in Algeria, country which, considering their global trade (exports plus imports), is Brazil's main trade partner in the Arab world, the second greatest in Africa and the 7th amongst the developing nations.

This is the opinion of Sérgio Danese, who will take the position of Brazil's ambassador in Algiers, substituting Isnar Penha Brasil Júnior, who should go to Saudi Arabia.

"You have to look and not miss the opportunities. Because if we do, have no doubts, there are many who have their eye on it," he said, yesterday (18), to ANBA during a visit to the headquarters of the Arab Brazilian Chamber of Commerce (CCAB), in the city of São Paulo. "It is a market that is opening, growing, an economy based on oil that gives you extraordinary leverage and is absorbing many products in which we are competitive."

Danese, who currently holds the position of counselor-minister at the Brazilian embassy in Buenos Aires, is making a sort of road show through some Brazilian cities with the objective of talking to entrepreneurs, government organizations and associations, about the existing opportunities for business partnerships in the Arab country.

He has been in the Brazilian capital city Brasília, to Rio de Janeiro, will spend some days in São Paulo and then follows to Porto Alegre, in the southernmost state of Rio Grande do Sul.

He has highlighted, amongst other things, the five-year plan recently approved by the Algerian government, which foresees investments of US\$ 56 billion in infrastructure, housing, health, education, among other areas.

"As well as having a multiplying effect in the Algerian economy, this will create direct business opportunities," he stated.

Danese defends, even, the opening of a negotiation process for a tariff preference agreement between the Mercosur and Algeria, to the example of what the South American bloc already is doing with Egypt, Morocco, and the Gulf Cooperation Council (GCC).

"Concrete data on trade leads me to believe that Algeria would be a natural partner," he remarked.

At the age of 50, the diplomat graduated in languages, has already worked in the Brazilian embassies in Washington, Mexico City, Paris and has been for five years in the Argentinean capital, where he works in the economics area.

In his other posts, however, he had strong influence as a political counselor. He was, for example, advisor of the former minister Rubens Ricúpero, of the Foreign Relations Ministry general secretariat and of former minister Luiz Felipe Lampreia. Read below the main parts of the interview:

Tell us a bit about the visits you have been making.

I am talking to companies with real interest or potential in Algeria. I have been with the ministers of Mines and Energy, Silas Rondeau, of Agriculture, Roberto Rodrigues, and the executive secretary of the Ministry of Development, Industry and Foreign Trade, Ivan Ramalho.

I talked about a didactic work that has proved itself useful. The idea is to place Algeria under a focus of attention that not always is obvious. Algeria is a country retaking international relations with great strength.

It is currently a country that attracts great interest in developed and developing partners, which is recuperating a force based on the oil economy and that lives a new situation, of opening its economy, of stability and political openness.

It is a democratic society that managed to overcome the very serious problems it faced in the 1990s. The aim is to place once again, for many people, Algeria in the radar.

Is this your first experience in an Arab country?

It is the first direct experience. Because as a political counselor at the Itamaraty (the Brazilian foreign office) general secretariat and in the minister's office, I dealt a lot with Brazilian policies for Arab countries.

I helped, for example, to prepare the journey minister Lampreia (former Foreign Relations) did to Lebanon in 1996 and we tried preparing the visit of President Fernando Henrique, which ended up not being possible. In other words, the office gives an overview of all external politics. And I supervised a lot of it.

Will your activities in Algeria have an important emphasis on the economic area?

Certainly. Algeria is a fundamental political partner. It is a very active country amongst the developing countries, it has tradition for its very active, interested, present diplomacy. This great leading role can be seen in the United Nations, for example, in the regional organizations, such as the League of Arab States, in which it holds the temporary presidency, in the African Union and political forums in Geneva.

As well as that, president Lula's government gave new emphasis to what already was paradigm in our external politics: which is our relation to the Arab world. It already comes from the 1970s more or less, before even. We were one of the countries that acknowledged Algeria's independence the quickest, in 1962 even.

The conclusive proof of this emphasis was holding the summit for South American and Arab countries. Algeria has an Arab and African dimension, therefore it contemplates two axis of our external politics which gained important emphasis during the Lula government.

Our trade balance with Algeria shows a great deficit. Are you already thinking of actions or opportunities in the economic area?

Structurally the trade balance presents a deficit. For the while I am looking at Algeria with an external eye, but with great interest. I believe Algeria represents for us, from the economic point of view, a very important partner. The country is our second trade partner in Africa and our first in the Arab world.

Many people are surprised at finding this out. Algeria already holds an important position in the Brazilian external economic relation. The country is our 17th trade partner and the 7th amongst the developing countries and this ought to be appreciated. Another important thing is that, on the other hand, we are Algeria's first partner amongst the developing countries.

But which opportunities can exist in terms of sectors, for example?

Looking at past series we can see that the opportunities are appearing in all sectors. Our export basket to Algeria is very diversified, it covers more or less 100 products, many of which are industrialized with high added value, with many manufactured products of agribusiness origin.

And there is an accentuated growth of this trade in the last two or three years, in an average of 100% per year. This shows that you are dealing with a market that is opening, growing, an economy based on oil that obviously gives

extraordinary leverage and it is absorbing many products in which we are competitive.

And they are also looking for partnerships. This is a natural thing, that the countries don't only want to buy products, that they also want to add value. Algeria is in a very good fiscal situation, with a very well administered economy.

The country just launched a five-year plan 2005-2009, which foresees investments in the order of US\$ 56 billion, to be shared amongst many areas, with half to the infrastructure, housing, health and education sectors. This, naturally, as well giving economy an extra dynamism, a multiplying effect, will create direct business opportunities, in the services field, as for goods and equipments.

What is the message you have been sending out to the entrepreneurs?

The message I have been sending out is that it is necessary that those who still aren't looking at Algeria as an important economic partner, start doing so, because it is a great opportunity. It is a growing market that is being coveted. Other countries are working this market with great interest.

Another important thing, which I have been saying in a positive way, is that Algeria signed in 2002 an ample, ambitious association agreement with the European Union, with the dimension of reaching free trade.

And it will have an important effect over the relationship Algeria holds with Europe, which already is very intense. This agreement will become effective as of the 1st of September. I see this agreement as a sort of trust credit Europe is giving Algeria.

Do you think Brazil, or the Mercosur (Common Market of the South, a customs union between Brazil, Argentina, Uruguay, and Paraguay), should go after as similar agreement, as is already happening with Egypt, Morocco and the GCC?

Certainly. I have even started defending this. If we have already made framework agreements and are negotiating fixed preferences agreements with Egypt and Morocco, which I think is very important, I believe this whole panorama I described, including the concrete information about trade, leads me to believe Algeria will be a natural partner for us to explore something of the sort.

We will have the need for some sort of protection, some sort of tariff preference to compete in better conditions in the Algerian market, even because of the agreement with the European Union. And also because they are a market in which we can be competitive. I think Algeria should be the object of priority attention.

Do you think Brazil may benefit from the agreement with the EU through partnerships?

I have the feeling that yes. Of course this is something that will come more on medium and long terms. In the current moment it is needed to answer an immediate demand the Algerian market has, because it has just opened and is growing.

What I am saying is that you have to look and not miss the opportunities. If we miss the opportunities, have no doubts, there are many who have their eye on it.

Anba - www.anba.com.br