Still a Long Way to First World for Brazil

Contributed by Alexandre Rocha
Friday, 22 October 2004

Brazil needs to chase new markets to show its potential. This option was defended by Brazilian President Luiz Inácio Lula da Silva at an address yesterday at the Federation of Industries of the State of Rio de Janeiro (Firjan) and the day before at the opening of the Car Salon, in São Paulo.

"(In the past) we had the crazy idea of only looking at the United States and Europe, and forgot that the world trade geography changes as you find partners, and that is what we did," stated the president yesterday.

"We greatly respect our relations with the United States, the European Union, Japan, and France, but the true figure is that the world is much larger than these markets and it is our option to go out and sell what we have that is best," declared Lula on Wednesday.

At both occasions the President mentioned the Arab countries as examples of searches for alternative markets.

"It was with this determination that we decided to visit the Arab countries. The last Brazilian authority to visit Lebanon had been Emperor Dom Pedro (II), in 1876.

"After all, if we want to compete with the rich countries on the Arab market, we must go there and talk about ourselves, show our products, show what we know how to make - clothes, shoes, cars and whatever they want," he stated.

"I said: let's visit the Middle East. Let's show them that we exist, that we have Iguaçu Falls, which are much more beautiful than Niagara Falls (on the frontier between Canada and the United States), that we have qualified labor, that we know how to produce quality cars, that we have technology.

"We are not just exporters of raw products, we can compete in many other areas in the world, but we have to believe and we have to act," he added.

Lula frequently mentions the tour he took to five Arab countries, in December 2003, and the increase in trade with the region so as to show his government's successful foreign policy.

Brazilian exports to the 22 countries of the League of Arab States are growing at a faster rhythm than that of Brazilian exports in general and, between January and September, they have already exceeded the total for last year.

In the first nine months of the year, shipping to the region generated over US$ 3 billion, a 62% increase with regard to the same period last year. In the whole of 2003, export to the Arabs totalled US$ 2.76 billion, and they had risen just 6% with regard to 2002.

Competitiveness

But president Lula went further. Enthusiastic with exports in general, which had generated US$ 74.9 billion up to the third week of October, and have already exceeded the total for last year (US$ 73 billion), he stated that, together with strong agriculture, the country also has high added value products that can guarantee that the country stops being called "a developing country."

"We are already mature, adult, and want, very soon, to be treated like a country capable of competing in equal conditions with any economic power in the world," he declared.

In the evaluation of experts, Brazil really has conditions of competing with the developed countries in a series of sectors, as is the case with agribusiness as a whole, ironworks, auto industry, some sectors of capital goods, agricultural implements, paper and cellulose, mining, oil, and the aeronautical industry.

"I believe that the president meant that Brazil already threatens the developed countries in some areas," stated the executive director of the Institute for Studies in aid of Industrial Development (Iedi), Julio Sérgio Gomes de Almeida.

"In these sectors companies installed in Brazil owe nothing to those in developed countries," he added.

"If the President meant that the country economy is not debilitated, that businessmen are competent and that the products are good quality, then he was correct," stated the vice president of the Federation of Industries of the State of Paraná (Fiep), Ardisson Akel.

However, specialists alert to the fact that Brazil loses in competitiveness when compared to developed countries due to deficiencies in the transport and logistics system, to heavy taxing and to the large cost of credit.

"The Brazilian problems are outside factory doors and farm gates," stated Almeida.

Akel added that the country also needs to invest more in marketing of its products and in strengthening the " Brazil brand".

"Brazil, for example, is a great producer of cocoa and is not known for chocolates," he stated.

Brazil has good potential, but the country must overcome barriers. "If we address the potential, it is possible that Brazil reach this competitiveness. But to make it come true, there are many phases that must be accomplished," stated the president of the Brazilian Institute for Ethical Competition (Etco), Emerson Kapaz.

These phases, according to Kapaz, are the overcoming of logistics, tax and credit bottlenecks, among others.

He recognizes, however, that some steps in this direction of overcoming such problems may already be identified.

"Recognition itself that these problems exist and need to be faced is already an extraordinary step," he said.

Kapaz also mentioned the industrial policy released by the government in the first half, which still needs to evolve, but is already an advance.

In his evaluation, if Brazil had already overcome these barriers, the country economy could maintain sustainable growth of between 5% and 6% a year, not between 3% and 4%, as is the forecasted Gross Domestic Product (GDP) growth up to the end of 2004.

The economist of the Institute of Applied Economic Research (Ipea), Armando Castelar Pinheiro, recalled that development of a country cannot be measured only by its exports, but also by the standard of living of its population, or at least part of it.

In this sense, there is still much to do in Brazil. "This is what justifies the different treatment Brazil receives in international relations, not for promotion of competitiveness, but for development," he declared.

ANBA - Brazil-Arab News Agency