

Brazil Is Mad: 'We Pay the Bills. Why the High Premium Abroad?'

Contributed by Carolina Pimentel
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The Brazilian Minister of Development, Industry, and Foreign Trade, Luiz Fernando Furlan, said that Brazil is capable of getting its country risk premium down to below 400 points and even achieving the mark of 200 points.

"We pay our bills, we produce a surplus, we impose fiscal austerity, and we are growing. Why must we pay an excessive premium abroad?"

Furlan emphasized today after participating in the inauguration of the 1st Federal Coordination Seminar on Export Promotion, in the Planalto Palace, in Brasília.

The seminar was organized by the Secretariat of Political Coordination and Institutional Matters and is intended to intensify the dialogue between the federal and state governments to improve the quality of export incentive programs.

The Minister informed that the government should "probably" announce measures to lighten the burden on exports by the end of this year.

Risk Brazil

Just last month the President of Brazil's Central Bank (BC), Henrique Meirelles, was cited as saying that lowering the Brazil risk index (which measures foreign investors' confidence) will lead the country to a process of investment and production and permit a drop in interest rates.

"The correct and persistent application of sound economic policies will permit a substantial decline in the Brazil risk index, allowing in due time a sustained and responsible reduction of the interest rate, as everyone desires," Meirelles said, recalling that the government's chief concern in its handling of economic policy is the social question.

According to the President of the BC, the investment process is incomplete without a strong social component.

After all, he said, the final goal of any economic policy deserving of the name is a significant improvement in the living conditions of the population.

"Lula's Administration is demonstrating, in practice, that there cannot be a contradiction between social action and responsible macroeconomic administration," Meirelles added.

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