

Brazil and Saudis to Triple Their Trade to US\$ 10 Billion

Contributed by Isaura Daniel
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Brazilian trade with Saudi Arabia may reach US\$ 10 billion in four years. The statement was made today by the head of the Saudi delegation currently in Brazil on a trade mission, Ahmed Suliman Al-Romaih, president of the company Ahmed Al-Romaih & Bros.

He spoke during the opening of the delegation's activities in Brazil, in a conference at the Arab Brazilian Chamber of Commerce. Last year, trade between the two regions stood at US\$ 3.1 billion, of which US\$ 1.61 billion were Saudi exports to Brazil, and US\$ 1.48 billion were Brazilian sales to the Arab country.

"Saudi Arabia and Brazil are complementary economies and the business volume between them, which is already significant, may grow a lot, given the potential of the two countries," said the president at the Arab Brazilian Chamber, Antonio Sarkis Jr., also during the opening of the conference.

Sarkis recalled that Saudi Arabia is the largest economy in the Middle East, and Brazil is the largest in South America. According to Al-Romaih, Saudi Arabia can sell more petrochemicals to Brazil, and the Saudis can buy from Brazil all types of machinery, automobiles, electric products, such as cables, and foodstuffs.

The main products already exported from Brazil to the Saudis include aircraft, chicken meat, iron ore, and sugar. The Saudi Arabian export basket to Brazil includes raw petroleum and naphtha for the petrochemical industry.

"Saudi Arabia and Brazil are connected by a deep economic relation," said Al-Romaih. Nevertheless, investment and cooperation between the two countries, according to the head of the delegation, has not yet reached the expected level. "This meeting is an opportunity for exchange of ideas, experience, and knowledge among businessmen," said Al-Romaih.

The Saudi delegation, which arrived in Brazil in the weekend, is comprised of 16 businessmen. This afternoon and tomorrow, May 22, throughout the day, they will have business roundtables with Brazilian businessmen. The conference held this morning was attended by approximately 80 people.

"This is a special moment for the relations of Brazil with the Arabs. We, Brazilians, feel that there never was a straightening of political and economic ties as there has been in later years," said Sarkis to the audience. Brazil and the League of Arab States had a bilateral trade of US\$ 12 billion in 2006.

The secretary general at the Arab Brazilian Chamber, Michel Alaby, spoke to the Saudis, during the conference, on the

economic potential of Brazil. Figures such as the Brazilian Gross Domestic Product (GDP), which is US\$ 1.6 trillion, and the per capita income of US\$ 8,600, were presented to the Saudi Arabian businessmen.

Alaby stated that Brazil occupies 50% of the Latin American territory, has 50% of its population, and generates 50% of its GDP. "Our banking and telecommunications systems are among the most advanced in the world, and foreign capital in Brazil receives the same treatment as domestic capital," said the secretary general.

He also cited prominent names in Brazilian research and industry, such as the Brazilian Agricultural Research Corporation (Embrapa), which exports agricultural technology, and Embraer, an exporter of aircraft.

"We have a diversified industrial base," Alaby said. He also told the Saudis about the 54 existing ports in Brazil, about the US\$ 137 billion that the country exported in 2006, and about the ease to transfer profits out of the country, in case the Saudis are interested in investing in Brazil.

Last year, according to Alaby, Brazil received US\$ 18 billion in foreign investment, and invested US\$ 28 billion abroad.

The Saudis also presented the figures of their economy to the Brazilian businessmen present at the seminar. Saudi Arabia, according to the executive director of the Saudi Export Development Center (SEDC), Eid Al-Kahtani, is growing every year.

The country leaped from a GDP of US\$ 188.5 billion in 2002 to US\$ 347 billion last year. In 2002, the GDP growth was 3%. Last year, in turn, the percentage exceeded 13%. Saudi Arabia is among the 20 greatest economies in the world, said Al-Kahtani.

The director stated that a large part of the development of his country is due to oil, but recalled that Saudi Arabia is also investing in other sectors and exports other kinds of products.

Among the products sold abroad by the Saudis are electric, cleaning and medical products, paper, steel, plastic pipes, air conditioners, glass, cables, carpets, irrigation systems, food and copper. Non-oil exports grew from US\$ 6.3 billion in 2000 to US\$ 21 billion in 2006. The main buyers abroad are the Emirates, China, Kuwait and Singapore.

The Saudis also presented their industrial cities: Jubail and Yanbu. They were created with the objective of reducing the country's dependence on oil and currently have 259 companies operating in them. This information was disclosed by the deputy director general for investment and development at the Royal Commission for Jubail and Yanbu, Mohammed Saad Al-Jurais.

According to him, apart from the companies in operation, there are already another 93 in construction and 83 being designed. The investment received up to date by the industrial cities is US\$ 109 billion. There are on the site from primary industries, like refineries and ironworks, to secondary industries, like plastics and light industries, for example, for the finishing of products.

The Saudi delegation is going to be in Brazil up to the end of the week. The group will stay in São Paulo up to Wednesday. They will also travel to Brazilian capital Brasília, on Thursday and to Rio de Janeiro on Friday.

The Saudis will also have business roundtables in Rio and Brasília. The chargé d'affaires of the Saudi embassy to Brasília, Abdullah Alowaifeer, also participated in the opening activities. The trip was organized, on the Saudi side, by the Council of Chambers of Commerce and Industry of Saudi Arabia.

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