

## Energy Diversity Makes Brazil's Sovereign Rating Stronger

Contributed by Isaura Daniel  
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For Regina Nunes, the Standard and Poor's chairman in Brazil, "Diversity of energy sources in Brazil and the development of new technologies in this area make the country's sovereign rating stronger." Standard & Poor's supplies the global financial markets with information and credit ratings, indices, investment research, risk evaluation and data.

Apart from bringing revenues to Brazil, says Nunes, the Brazilian production of renewable energy also reaches the financial market. The sovereign credit rating shows a country's capacity to honor its debts.

The energy diversity of Brazil is currently favorable to the country and should continue favoring it in the future, as the country is pointed out by the global market as one of the great leaders in the sector due to the production of biofuels.

Regina recalls that apart from oil - and from heading towards excess production in this area - the country also has gas, electric energy and also renewable energies. "It is a positive point, undoubtedly. It is already being taken into account in the Brazilian rating," stated the chairman at Standard & Poor's.

The agency gave Brazil, last year, a sovereign rating of BB+ in foreign currency and BBB in local currency, with a positive perspective. BBB means that the country has reached investment grade in the Brazilian currency and BB+ means that it is one step away from reaching it in foreign currencies.

At the beginning of this year, Brazil has become a foreign creditor, which means that foreign reserves, foreign assets held by the government and the private sector, have exceeded the foreign debt. "But Brazil still has the debt," recalled Regina.

According to the executive, to classify Brazil, Standard & Poor's took into consideration, as positive points, the consistent macroeconomic structure, the consolidated fiscal institutions and the fact that the government debt is less vulnerable to fluctuation in exchange and interest rates.

The restriction was mainly due to the high debt and interest bill paid by the government, the inflexibility of the budget and the economic and structural weaknesses that limit investment and growth. "We do not yet have access to long-term investors, like large pension funds," said Regina.

The chairman at Standard & Poor's said that it has been decades since the Brazilian economy was last in such a comfortable position. She recalls, however, that it is still not entirely protected.

Nunes explained that what should influence the country's move into investment grade classification in foreign currency is the engagement of president Luiz Inácio Lula da Silva's government of maintaining and further improving the fiscal performance, the way the country faces global economic and financial pressures and whether there are greater signs of growth over the next five years than over the last five.

Standard & Poor's forecasts variation of 4.5% in the Gross Domestic Product (GDP) of Brazil this year, less than the 5.3% of 2007. With regard to the GDP per capita the growth is expected to be 3%, also a little under the 3.8% of last year.

The gross debt of the government with regard to the GDP should be 56%, less than the 58.2% of 2007. The net debt should be 44.2%, whereas last year it was 45.1%. The trade balance surplus should hit US\$ 26.3 billion, against US\$ 40 billion in 2007.

Standard & Poor's is the largest global provider of data, evaluations, analysis and opinions about investment. The company, established in 1860, is American, but has offices in Argentina, Australia, Germany, Canada, China, Singapore, Korea, Spain, France, India, Italy, Japan, Malaysia, Mexico, Russia, Sweden, Taiwan and the United Kingdom, as well as affiliates in Chile, Israel, Indonesia and Malaysia.

In Brazil, the company has had a unit since 1998. Regina Nunes has been working for the company since it established an office in the country, and in 2000, at just 34 years of age, she became the chairman at Standard & Poor's Brazil.

Arrival at the post came after the executive, who graduated in business administration from Mackenzie Presbyterian University, worked for financial institutions like Citibank and Chase. Before entering Standard & Poor's, Regina also had a financial consultancy.

A granddaughter of Syrians, the executive believes that the fact of having arrived at the post was the fruit of much dedication to her work. "I always tried to do the best. I believe that I was lucky, but luck only comes before work in the dictionary," said Regina, repeating a phrase that she used to hear at her family home.

Now married to Celso Nunes, also an executive in the banking sector, and mother of two daughters, Luiza, aged 13, and Fernanda, aged six, Regina does not forget the lessons she learnt at the house of her parents.

"My father always said that the only thing that nobody can take from you is what is in your head," she says.

Regina is the daughter of Syrian descendant Jamil Jorge and of the Brazilian Leonor Maria Jorge. Her father worked as a

lawyer and retired as an executive at a multinational company. The young executive, now aged 42, speaks proudly about her Arab origin and about her father who, according to her, is very educated and also loving.

"My father speaks and writes Portuguese, Italian, Spanish, English and French. And he speaks, but cannot write, Arabic," she said. "My grandfather was a poet, greatly connected to culture, he liked arts," adds Regina.

For this reason, to the executive, things connected to the Arab world have always brought her good memories. Her father, according to her, always travels to the Arab world. Her mother, although she is Brazilian, knows how to prepare the delicacies of Arab cuisine, like the kibbeh.

"Arabs are very happy people, they like their origins. For this reason, it was not possible for my sisters and I not to love all related to it," she said. Regina is the youngest in the family and has two sisters, Tahys and Heloísa.

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