Brazil's Industries Federation Insists: Interests Must Go Down.

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The Federation of Industries of the State of São Paulo, Brazil, (Fiesp) rejoiced in the 1% increase in the GDP in the third quarter of this year, particularly in the fact that this growth was led by the industrial sector, which grew 2.8% during the July-September period on a quarter-to-quarter basis.

Industry grew 7% overall during the first nine months of this year, and the forecast is for a year-end figure of 6.5%.

Nevertheless, the president of the organization, Paulo Skaf, recalls that these numbers reflect the period prior to the post-September rise in the benchmark interest rate (Selic) and that for the country to continue to grow, it is important for interest rates to come down.

"With lower interest rates, companies will invest more, and, as a result, family buying power will grow," he states.

Skaf also believes that with lower interest rates, the dollar will reach a level that will stimulate exports, contributing to higher domestic production, employment, and income.

"The year 2004 is already assured," the Fiesp president observed, underscoring the 20.1% increase in industrial investments and 5.7% increase in consumption by families.

But a year of growth is not enough, Skaf claims. "We need decades of growth. And for this to occur, significant changes are needed in economic policy, measures that establish greater control over public spending, that can lower interest rates," he repeats.

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