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Dr Mahathir to meet Brazilian President da Silva during two-day visit

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PRIME Minister Datuk Seri Dr Mahathir Mohamad begins a two-day official visit to Brazil tomorrow, his second to that country, following one in 1991.

Accompanied by wife Datuk Seri Dr Siti Hasmah Mohd Ali, Dr Mahathir leads a 37-member delegation, which includes Deputy Foreign Minister Datuk Dr Leo Michael Toyad, the Foreign Ministry's deputy secretary general Datuk Abdul Aziz Mohamad and Malaysian Ambassador to Brazil Tai Kat Meng.

Bilateral, regional and international issues will feature in discussions between Dr Mahathir and Brazilian President Luiz Inacio Lula da Silva, who took his oath of office in January this year.

On the bilateral front, Toyad told the Malaysian Press that Brazil is interested in Malaysia's experience in economic and social development, including issues of poverty.

Brazil, with very high foreign debt that accounts for some 60 per cent of its gross domestic product (GDP), has turned to the IMF, from which it has received a US\$30 billion (RM114 billion) lifeline.

It is the largest package given by the IMF, topping the amount given out to Asian economies during the 1997-1998 crisis. The aid comes with carefully structured conditions.

These include the standard advice for "increased austerity and fiscal discipline". The Government must also maintain a budget surplus through 2005 - a target that is to be revisited each quarter.

Da Silva is said to be keen to learn from Kuala Lumpur's approach to the Asian financial crisis and the home grown, unorthodox policies it adopted.

Toyad said trade between the two countries totalled US\$357 million last year, from US\$347 million in 2001.

Malaysia is Brazil's biggest trading partner in Southeast Asia, while for Malaysia Brazil is its second largest in Latin America after Mexico.

Malaysia's imports from Brazil last year were valued at US\$281 million, comprising iron ore, sugar cane, soybean and military equipment.

Brazil, in turn, buys integrated circuits, semiconductors, computer parts and transformers for television. It also imports rubber products from Malaysia.

Malaysian investments in Brazil as of November last year, were in the region of US\$19 million. Of this, US\$2 million was invested by Supermaxx Importadora, which distributes gloves in Brazil.

Another company, Abric S/A, has invested US\$367 million. It manufactures seals for trucks, which are also exported to neighbouring countries such as Mexico and Colombia.

But the largest Malaysian investor in Brazil is Amaplac S/A De Madeiras, with US\$13.2 million invested in plywood and wood products.

Brazil's major sources of foreign direct investments are the United States (its largest trading partner), Spain, Portugal and Italy. Last year it attracted US\$16 billion in foreign direct investments, a decline from the US\$22 billion in 2001.

Both Malaysia and Brazil are members of groupings in their respective regions.

Malaysia is one of 10 Asean member countries while Brazil, together with Argentina, Uruguay and Paraguay, form Mercosur, a free trade area in South America born of an economic treaty.

On the political and international front, issues relating to the World

Trade Organisation, the United Nations, the situation in the Middle East, specifically a possible attack on Iraq, and the G-15 are expected to be raised.

Terrorism, and globalisation and its impact on developing countries are also expected to feature during the meeting between the two leaders.

Brazil is the fifth largest country in the world in terms of land area and 12th largest in terms of per capita income, currently US\$2,500.

It is a major producer of minerals including gold, steel and aluminium.

The country is divided into 5,560 municipalities, 26 provinces and one federal district. Brasilia was declared the administrative capital about 40 years ago.