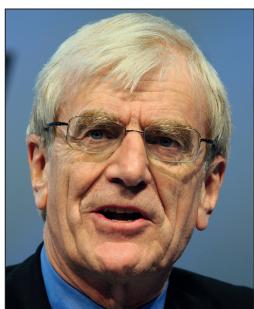


Much done, more to do

By RICHARD LAMBERT

DIRECTOR-GENERAL, CBI



RICHARD LAMBERT graduated in history from Balliol College, Oxford. He began his career at the Financial Times in 1966, editing the Lex column in the 1970s before becoming financial editor in 1979. After a spell as New York Bureau Chief he became Editor of the paper in 1991, a post he held for ten years. A member of the Bank of England's Monetary Policy Committee from 2003 until 2006, he took up the post of Director-General of the CBI in July the same year.

The CBI welcomes the President of Brazil, HE Luiz Inácio Lula da Silva to the United Kingdom. This visit is timely, given the growing importance of links between the UK and Brazil. It will serve to reinforce our mutual interests and to highlight Brazil's trade and investment opportunities.

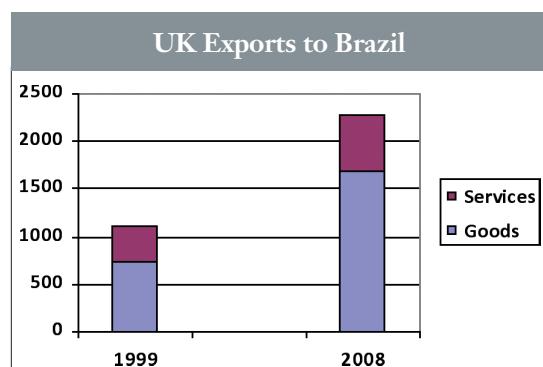
The President's visit comes shortly after last month's announcement that Rio de Janeiro will host the 2016 Summer Olympic Games; Brazil has already been named as the host nation for the 2014 football World Cup. The fact that Brazil has been chosen to host these events demonstrates the new confidence in Brazil. These sporting events, together with others such as the recent Formula 1 Grand Prix in São Paulo, all help to showcase the country to the world, as well as to allow UK business to share its experience and expertise in event organisation and management.

Brazil's influence in the world is growing. At a global level it commands attention on issues ranging from climate change and the environment to UN reform. As a member of the G20 it has worked with the UK and other nations in responding to the global economic crisis.

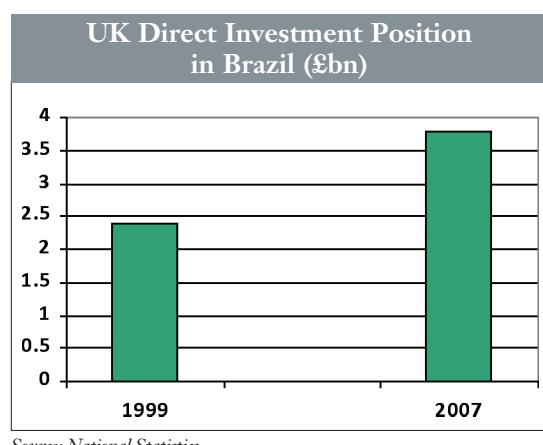
The country has come a long way from the time when it was simply referred to as the market of the future. Back in 1999, following months of speculative pressure and in spite of a large IMF rescue package, the Brazilian Real was devalued. Brazil was in part a victim of the unsettled international capital markets but it had fundamental problems itself. An overvalued currency and current account deficit led to high interest rates and fears of default. Ten years later there is the emergence of a different Brazil, one which is much better placed to weather the current global financial downturn and with a US\$1.5 trillion economy that is still forecast to show GDP growth this year.

During this time we have been encouraged by the significant growth in business links between the UK and Brazil. Bilateral trade in goods is now worth over £4 billion, in services some £720 million and the UK's foreign direct investment position in Brazil stood at £3.8 billion at the end of 2007. These are significant figures but they are still below their potential levels. UKTI rates Brazil among its priority markets in many sectors, including: Energy (oil and gas and renewables), Advanced Engineering, Infrastructure (including sports and leisure) and Environment.

The CBI is proud to have contributed to the strengthening of the relationship between our two countries. In 2009 the CBI and its Brazilian equivalent, the CNI, concluded two years of collaboration on a project to help improve the business environment in Brazil for the benefit of Brazilian and British businesses alike. We looked at the important issues of taxation, climate change, employment law, business surveys and customs issues. We thank the UK Government for their support in the project. Our collaboration with CNI is continuing after the end of this specific project as we look at ways in which our organisations can continue to work together. In addition, the CBI is involved in the Government to Government Joint Economic & Trade Committee (JETCO) process and in September we hosted the related private sector meeting where Brazilian and UK business representatives discussed issues of common interest. The outcomes were reported to the UK's Business



Source: *The Pink Book 2009*



Source: National Statistics

**The time
may be right
to explore
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of a resumed
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EU-MERCOSUL
Free Trade
Agreement**

Secretary, Lord Mandelson and Brazilian Trade Minister Miguel Jorge.

This year we had a specific focus on the need for a double taxation agreement. It is a topic on which both the increasingly globalised Brazilian private sector and the UK private sector are united: it would bring benefits to both our business communities and make our countries more attractive to foreign direct investment. We have strongly urged Ministers to rise to the challenge of concluding a worthwhile agreement and to ensure that the agreement is ratified rapidly.

We also considered the topic of protectionism. As the G20 Business Summit in London agreed, protectionism must be resisted. Brazilian and UK business are reinforcing that message. We recognise the positive approach taken to date by both countries and are pressing for this to continue. Monitoring undertaken by the WTO, UNCTAD, the IMF and the OECD has been helpful in highlighting where problems arise and we are urging both the UK and Brazilian Governments to work together to ensure other countries live up to their commitments.

Both business communities believe in a strong, functioning WTO that guarantees free and fair multilateral trade rules. This is even more important in the current global economic circumstances. Brazilian and UK businesses re-affirmed our commitment to

open markets and the necessity of concluding the Doha Development Agenda negotiations in 2010. Recent movement at the Delhi Ministerial and in Geneva is encouraging, but political statements from the G20, the G8 plus 5 and others must be translated into real progress in the negotiations. UK and Brazilian business expect both Governments to continue to do as much as possible to advance the DDA with a deal on modalities settled this year.

In addition, and in a way that does not detract from the critical importance of getting a successful multilateral agreement in the DDA, we believe that the time may be right to explore the potential of a resumed negotiation on an EU-MERCOSUL Free Trade Agreement.

'BRIC' (Brazil, Russia, India and China) has become a common acronym in business language but while a lot of emphasis is put on India and China, Brazil can get a little neglected. There are growing opportunities for British companies in Brazil not only to invest but also to engage in joint ventures agreements or to export.

The UK needs to address the outdated perception of Brazil and recognise that business could be missing out on commercial advantages. Many of our competitors seem to have already grasped this reality. Just like many other markets, Brazil needs patience and dedication but the rewards are there if a company is prepared to put in the effort. **F**



Avenida Paulista:
commercial heart
of Brazil's business
capital, São Paulo