Brazil to Showcase Investment Opportunities in Davos - Official

By Gerald Jeffris

BRASILIA--Brazilian authorities present at the World Economic Forum in Davos, Switzerland, this year will focus on showcasing opportunities in Brazil to investors that may have turned away from emerging markets in a recent bout of risk aversion, Brazil's minister for strategic affairs, Marcelo Neri, said Thursday.

Brazilian President Dilma Rousseff will lead a delegation in Davos next week that will include Finance Minister Guido Mantega, Central Bank President Alexandre Tombini, Trade Minister Fernando Pimentel, Brazilian National Development Bank President Luciano Coutinho, as well as Mr. Neri.

The visit, which will be Ms. Rousseff's first since she took office in 2011, represents part of a government campaign to reverse a recent wave of investor disenchantment with the country.

Speaking in a talk with journalists, Mr. Neri, said markets and investors "haven't been understanding Brazil well," and that Brazilian officials hope to correct perceptions that Brazil has become a less attractive destination for global capital.

"The main problem is there's an asymmetry of information about Brazil," he said. "That's why it's important to go to Davos."

Mr. Neri, who is also president of the government's IPEA economic research institute, said Ms. Rousseff's administration has opted to focus on social inclusion, taking a "middle path" between government administration of the economy and development led by the private sector.

While Brazil's economy has grown at only 1% to 2% in recent years, policies focused on growing the middle class, he said, have nonetheless allowed local consumer income to grow at around 8% annually, and opened increasing opportunities in areas such as the retail and service sectors. The key to maintaining sustainable growth in coming years, he said, will be attracting increasing investment in areas such as education, job training, innovation and infrastructure.

Brazil kicked off a campaign for greater investment in 2012 and 2013 with a wave of concession auctions in the areas of key highway, airport, port and energy infrastructure.

Despite some demands from investors for more aggressive structural reforms, Mr. Neri said the government for the present would maintain a pragmatic focus on incremental changes to improve productivity and efficiency in the economy.

"If you want to have a classic agenda of reforms in Brazil, it won't work, because of questions related to local politics," he said. "What we're seeing is a group of gradual changes--there's not going to be a big bang."

Mr. Neri, meanwhile, discarded concerns that the government was not taking enough action to reverse negative perceptions over key macroeconomic variables such as public sector accounts and inflation control.

"The government is signaling its attentive to the fundamentals," he said. "The signals are there."

Brazil's central bank, he noted, has raised the country's reference Selic interest rate by more than three percentage points over the past nine months to curb accelerated inflation, while the government has pledged to post improved public sector account results this year after disappointing results in 2013.

Major ratings agencies, including Standard & Poor's and Moody's, raised red flags in the market on Brazilian policy in 2013 by lowering the ratings outlook for the country's debt.

Regarding the external outlook and the prospects for a resumption of local growth, Mr. Neri remained optimistic.

"We have a positive scenario," he said. "There's been reduction of growth in some key economies, but the worst of the global crisis has passed."

According to recent central bank market surveys, Brazil's economy is seen growing by about 2% in 2014 and by 2.5% in 2015.

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