

## Finance

by Irem Koker

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## Investment to sound of samba

**ISTANBUL - Visiting Turkey, Brazilian leader Luiz Inacio Lula da Silva hints at increased energy cooperation. Speaking to the Daily News, Lula reminds the day Brazil paid off its debt to the IMF**

Brazil plans to invest in Turkish oil and biodiesel sectors and both countries are committed to increasing economic ties, Brazilian President Luiz Inacio Lula da Silva said during his three-day visit to Turkey.



The trip was organized as part of a strategy aimed at increasing trade and economic ties between the two countries. During an exclusive interview Thursday with three journalists from the Turkish press, the Brazilian leader also shared his experience with the International Monetary Fund.

"I don't think it is a bad idea for a country that is facing some difficulties to borrow money from the IMF. That is why the IMF was created. But what is unacceptable is the IMF thinking that lending money gives the fund the right to impose conditions over the fiscal adjustments a country has to make and the monetary policy it has to follow. That is unimaginable," said the Brazilian president, who is simply known as "Lula." He added that telling the IMF that Brazil was ready to pay back its debts was "one the greatest pleasures in my life."

"I was going to give back the money that they lent to us. He [the managing director of the IMF] didn't want me to give back the money. He said, 'You keep the money, because we are just going to give it back to you,' Lula said. But, on the contrary, Brazil is today in a position to lend the IMF money to create financial resources for other emerging markets, he said, adding that negotiations with the IMF are much easier than they were in the 1980s because leaders used to let the IMF control them, but now the loan conditions are more flexible.

"The G20 has created the proper conditions for the IMF to lend money without conditions. This is a new fact," Lula said. "I think Turkey will not face new difficulties in negotiating with the IMF... I hope Turkey will have success in its negotiations."

### Planned investments

The Brazilian state oil company Petrobras will start joint oil explorations with the Turkish Petroleum Corp. in the Black Sea, Lula said, noting that the Brazilian aircraft manufacturer Embraer is also in talks with Turkish companies regarding a possible collaboration. "We also want to contribute to Turkey with new technology in the energy field, especially in ethanol and biodiesel, that will create jobs and improve the lives of people," Lula added. "We have the proper conditions to discuss building partnerships between Turkish and Brazilian companies."

Petrobras and TPAO have signed an agreement over the drilling rig that will operate in the Black Sea, with Petrobras securing the right to use the unit for a three-year period. The first drilling is expected to start early in 2010, a Brazilian official said. Petrobras has the technology to prospect oil from as deep as 6,000 meters under the sea, an extraordinary contribution Brazil can make to Turkey, the president added.

Lula is currently in Istanbul to attend a conference organized by the Turkish-Brazilian Business Council's Foreign Economic Relations Board. He is accompanied by business executives from various companies, including Petrobras and Embraer, as well as foreign and trade ministers.

The Brazilian president held talks with Turkish Prime Minister Recep Tayyip Erdoğan on Wednesday and is scheduled to meet President Abdullah Gül in Ankara on Friday.

### Turkish firms invited to Brazil

During his speech at the meeting, Lula invited Turkish companies to Brazil to learn about the production of ethanol. "There is no other country in the world that has decided to make ethanol production alongside agricultural production for food. So come to Brazil and learn," he said.

Brazil is the largest exporter of ethanol, producing 27 billion liters in 2008. Brazilian officials said they plan to increase production to 50 billion liters by 2015 and to start exporting Turkey. The trade volume between Turkey and Brazil was \$1.74 billion in 2008. Turkey's exports to Brazil stand at \$318,000, while imports are \$1.42 billion. Lula called for an increase in the trade volume between the two nations, saying \$1.7 billion is too low for such big countries. The Turkish business association meanwhile urged the Brazilian government to lift restrictions on trade. "The free-trade deal should be finalized soon to solve the problem of higher export taxes. We expect President Lula's support on that," said Rifat Hisarcıkloğlu, the chairman of the Union of Chambers and Commodity Exchanges of Turkey.



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