
Interview: Antonio Delfim Netto, Brazilian Planning Minister

‘We are directing investment toward increasing exports’

EIR's Contributing Editor Uwe Parpart and Ibero-America Editor Dennis Small met on Sept. 22 in Brasilia, the capital of Brazil, with Planning Minister Antonio Delfim Netto and senior members of his staff. The meeting included an exchange of views on the international monetary crisis, as well as on-the-record remarks by Minister Delfim Netto on the thinking behind the Carajás iron-ore project, which we print below.

Delfim Netto has a well-earned reputation for being both the “czar” who single-handedly determines economic policy for Brazil, as well as an astute and pragmatic player on the international and the domestic political scene. He is known to take special delight in poking holes in the incompetent economic criticisms made of his administration by the Brazilian opposition—a task which he in fact performs masterfully.

Delfim Netto is the consummate pragmatist, who has been so successful in short-term tacking and turning in convulsed international waters that he has turned this approach into a philosophy. But the Planning Minister's continued ability to succeed in this way now depends, as he himself would be the first to admit, on an upturn in the U.S. and world economies—an upturn which is simply not coming under circumstances of present policies. So the question now on the mind of many a nervous international banker, a question which has no doubt crossed Delfim Netto's own mind with increasing frequency, is whether or not he is prepared to become the Martínez de Hoz of Brazil, to preside, as did the former Argentine Finance Minister now on trial for malfeasance in office, over the industrial dismemberment of his nation's economy.

EIR: What is your view of the Carajás project and other large-scale development projects in Brazil?

Delfim Netto: The Carajás project, I think, is the only project we are really developing in this government. I think it is a project that satisfies our basic necessities now. What we need are some projects which will increase our exports in a very short time. We must change our investment pattern in the direction of the export sector. Carajás is really the beginning. We will try to finish some of our other big projects—we are just finishing Itaipú [dam], and some of our steel development. We will try to put all our money in projects

which can increase exports in a very short time. Carajás is a very good example: it is a partnership between consumers and producers. In Carajás we have already sold at least the first tranche of our production. We will try to do the same with some other projects.

EIR: Do you foresee attaching manufacturing facilities to the Carajás project production facilities?

Delfim Netto: It is our intention in the beginning to export the iron ore and in the second stage to produce slabs in Carajás. It is a normal course. We will try to do the same with manganese. We will begin exporting some manganese ore, and we will try to have at least one producer of metal there. What we will try to do in Carajás is to export minerals plus energy—this is the basic conception. We have the new energy of Tucuruí [Dam], and we can increase Tucuruí production to almost 8 million kilowatts, so that in the near future, maybe in 10 or 12 years, we can really export a package of minerals plus energy.

EIR: You also have aluminum production facilities in this same general region of Brazil, which will be coming on line at some point.

Delfim Netto: Yes, this is the Alcoa project. It is on schedule, and we will begin to export, I believe, in 1986. It is the same concept: to export not only the mineral, but also the energy. We intend to use the great facility of having hydroelectric plants, and some iron ore or some other mineral—manganese, alumina, copper, and so on.

EIR: When you look into the slightly more distant future, which admittedly in this world situation is very difficult, do you see the option, the possibility, of reinvesting these export earnings in Brazil for the development of manufacturing to improve your terms of trade?

Delfim Netto: Most certainly, certainly. As you know, we are giving a lot of stimulus to reinvesting in Carajás, in the next steps of production. Take the case of the United States: maybe they will reduce the production of traditional slabs. This is quite clear, because of a lot of problems they have. I think we will come in in the right direction. This combination of energy plus some metals I think is very important, and it is our intention to export the metals.