

## Booming Brazil economy grows 5.4 percent in 2007, higher than expected

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**SAO PAULO, Brazil:** Brazil's booming economy grew 5.4 percent in 2007 as the nation increased its exports of hot commodities and a domestic consumption frenzy engulfed Latin America's most populous country, the government announced Wednesday.

The rate reported by Brazil's Census Bureau was higher than the 5.2 percent growth rate predicted by economists surveyed by Dow Jones Newswires.

Brazil enjoyed strong demand last year from abroad for products ranging from soy to ethanol and iron ore, and consumers in the country of nearly 190 million took out loans in droves to buy big ticket items ranging from apartments to cars.

Gross domestic product jumped 6.2 percent in the fourth quarter compared to the same period in 2006, helping to give Brazil's already fast-expanding economy a surge during the last three months of 2007.

The rate is a huge victory for Brazilian President Luiz Inacio Lula da Silva, the nation's first working class president. Elected in 2002 as a leftist amid predictions by investors that he would wreck the economy, Silva surprised many by sticking to orthodox fiscal policy.

He came under withering criticism from his leftist base and from industry for stifling growth with high interest rates aimed at stabilizing the economy, and promised in his 2006 re-election campaign to boost growth to more than 5 percent a year.

Silva believes "the result reflects confidence in the Brazilian people, business community, workers and society," Planning Minister Paulo Bernardo told reporters after the figures were released.

The 2007 rate was a far better showing than 2006, when Brazil had GDP growth of 3.8 percent. GDP is the measure of all goods and services produced in the nation.

Most experts now agree that Brazil's traditional boom and bust cycles may be a thing of the past, and that the nation is on track for sustainable growth. Silva is now regarded as center-leftist.

Finance Minister Guido Mantega said the result for 2007 could be revised upward as the government continues analyzing data.

Silva is pushing legislators to replace Brazil's Byzantine tax system with a consolidation package he says will reduce taxes for businesses and individuals while boosting jobs, income and consumption.

"We want to build even more on this confidence," Bernardo said.

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