Brazil Focus –
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Weekly Report
April 16-22 2016

Looking Ahead ➔ What to watch for?

- 23rd April — Municipal holiday in Rio de Janeiro ➔ São Jorge
- 25th April — Senate to install impeach committee
- 26-27 April — 198th Meeting of Copom, Selic Rate ➔
- 27th April — STN to announce Brazil’s federal debt R$ ____ trillion in March
- 28th April — SRF, March tax collections ➔ R$ ____ billion in March
- 28th April — IBGE ➔ unemployment at ___% in March
- 29th April — FGV to announce IGP-M ➔ +___%
- 29th April — Public Account data for March
- 1st May — Labor Day in Brazil [National Holiday]
- 4th May — Trade balance for April ➔ US$ ___ billion
- 6th May — Central Bank to announce FX flow in April
- 6th May — IBGE ➔ March Industrial Production
- 9th May — FGV: April IGP-DI ➔ +___% versus +___% in March
• 9th May  -- IBGE to announce unemployment in 1st Q/2016 ➔ __% 
• 9th May  -- Anfavea ➔ ____ auto units produced in April, % YoY 
• 9th May  -- IBGE to post IPCA for April ➔ +___%, versus +___% in March 
• 12th May  -- IBGE: industrial employment in March ➔ 
• 13th May  -- Brazilian Abolition Day (slaves freed 1888), Afro-Brazilians don’t honor 
• 13th May  -- WEF, HCI-Human Capital Index to be released, Brazil ranked ____ 
• 16th May  -- IBGE, retail sales for 1st Q/2016 ➔ ___% QonQ 
• 16th May  -- Brazilian Am. C of C in NY, Breakfast Seminar – Harvard Club

1 - POLITICS

1.1 - Result of Impeachment Vote in Chamber

After the STF rejected (by an 8-to-2 vote) the government’s efforts to impede the impeachment debate and final roll call vote to proceed on 14-15 April, the sequence began in the Chamber at 8:55 a.m. on Friday, 15th April.

First, one of the authors of the impeachment request (that was accepted on 2nd December 2015 – Prof. Miguel Reale Jr., read a 25 minute summary. Second, the AGU, José Eduardo Cardozo, made a 25-minute defense of Pres. Dilma Rousseff. Then, the 25 parties represented in the Chamber were allotted 60 minutes each to expound their positions. This period could be divided among 5 deputies from each party. This lasted until the wee hours of Saturday, 16th April.

On Friday morning, individual deputies could signup to deliver 3-minute speeches on Saturday. This sequence also extended until the wee hours of Sunday, 17th April and was shortened when the several of the pro-impeachment parties relinquished their time.

On Friday, the only PSD cabinet Minister (Cities), Gilberto Kassab, delivered his resignation letter to Pres. Dilma – obeying the decision of his party.

The PDT “closed the question” against impeachment, and he party president, Carlos Lupi, threatened that and “dissidents” would be expelled from the party. Four of the 19 PDT deputies were declared votes in favor of impeachment.

On Saturday, each side lost one deputy. The Chamber Vice-President, Waldir Maranhão (PP-MA), a former “close ally” of Chamber President Eduardo Cunha (PMDB-RJ), decided to oppose impeachment. However, because the PP had “closed the question” obliging all PP deputies to vote in favor of impeachment, four PP deputies opted to change their positions and vote for impeachment. Waldir Maranhão affirmed that as a result, 14 PP deputies would eventually leave the party (after the impeachment vote).

The second “reversal” was one of the four deputies who left their cabinet positions to reassume their seats to vote against impeachment. However, former Civil Aviation Minister, Dep.
Mauro Lopes (PMDB-MG), announced that he would vote in favor of impeachment – so as not to go against his party’s decision.

Pres. Dilma had requisitioned a 15-minute prime time TV slot (8:00 p.m. on Friday evening) in an obligatory national hookup to lash out against her impeachment. However, the PSDB requested an injunction with the first federal circuit judge in Brasília – Solange Salgado – who vetoed this initiative. Dilma and her group affirmed that she had canceled this event – because the AGU advised her that it would be “counter productive”. Instead, her speech was shortened to 5 minutes and “broadcast” via “social media” internet outlets.

On Friday and Saturday, the STF rejected several last-minute requests to cancel the roll call vote on Sunday.

On Saturday, pro- and contra-impeachment protest street demonstrations were organized in some eight cities. The MST mobilized to block highways in several states.

43 hours of speeches in Chamber

As mentioned above, the discussion with speeches pro- and anti-impeachment began at 8:55 a.m. on Friday, and finally ended at 4:00 a.m. on Sunday – with only a 15-minute break around 5:00 a.m. on Saturday morning.

SUNDAY – The Roll Call Vote

The proceedings in the Chamber began at 2:00 p.m. on Sunday, 17th April. At 2:00 p.m., the reporter from the Chamber Impeachment Committee reviewed his final report in 25 minutes. Then, each of the 18 leaders of parties and party blocks addressed the Chamber for between 10 and 3 minutes – proportionate to the size of each respective party/block delegation.

In the 2016 impeachment vote, 28 deputies also voted in the impeachment of Fernando Collor in 1992.

The order of voting established by Chamber President Eduardo Cunha (PMDB-RJ) on 14th April and upheld by the STF, determined that the order of the states be alternated (North-South) beginning with Amapá and ending with Alagoas.

The Alternating North-South Voting Order (by State)

Within each state, the roll call followed the alphabetical order of deputies (without regard to political party). Supposedly, each deputy would have 30 seconds to declare his/her vote at the microphones positioned at the front of the Chamber. Many voted in “the name of my family (wife, children, grandchildren, in-laws, etc.), in the name of those who voted for me in certain cities, etc.

The press called attention to Dep. Raquel Muniz (PSD-MG) who praised her husband’s “wonderful administration” as Mayor of the city of Montes Claros in the northern region of Minas Gerais. However, some 8 hours later, at 6:00 a.m., the Federal Police arrested Ruy Muniz in Brasília, accused of diverting public (SUS) hospital funds to his family’s private hospital. There is a clip below that shows Dep. Muniz enthusiastically declaring her vote in favor of impeachment.


The roll call vote began at 5:40 p.m. and finished at 11:45 p.m. At 11:05 p.m., the vote reached the required two-thirds of the deputies (342). This “target” produced an interesting mathematical equation that appeared on the internet $171 + 171 = 342$

The final result was:

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<tbody>
<tr>
<td>Pro-Impeachment</td>
<td>367 (71.5%)</td>
</tr>
<tr>
<td>Anti-Impeachment</td>
<td>137</td>
</tr>
<tr>
<td>Abstentions</td>
<td>7</td>
</tr>
<tr>
<td>Absent</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>513</td>
</tr>
</tbody>
</table>

The “magic” 342nd vote in favor of impeachment was cast by Dep. Bruno Araújo (PSDB-PE) and the anti-Dilma opposition broke out in singing a victory song.

Three of Dilma’s support parties voted “solid” (no dissident votes) $\Rightarrow$ PT (60), PCdoB (10) and PSOL (6). The fourth Dilma support party (PDT) had one abstention, 12 against impeachment and 6 deputies favored impeachment. The PDT had “closed the question”, so reportedly on 18th April, the PDT began procedures to expel its 6 dissidents.

Among the other 21 parties whose deputies voted in favor of impeachment, several were also “solid” (no dissidents $\Rightarrow$ PSDB (52), DEM (28), PRB (22), (SD (14), PSC (10), PPS (8), PV (6) and PSL (2). The PMDB had 7 dissidents, the PP (4), PSB (3), PSD (8), PR (10) and PTB (6).

Only two state delegations were “solid” [for impeachment] $\Rightarrow$ Amazonas (8) and Rondônia (8). The states that had the largest proportion of pro-Dilma votes were $\Rightarrow$ Bahia, 22 out of 39 (56.4%); Ceará, 11 out of 20 (55%); Piauí, 5 out of 10 (50%); Acre & Amapá, 4 out of 8 each (50%); and Maranhão, 8 out of 18 (44.4%).
States with the highest proportion (over 80%) of deputies favoring impeachment were AM, RO, GO, SC, DF, RN, RR, PR, SP and ES.


During the session in the Chamber, there was no “violence” – except for one incident. Retired Army officer, Dep. Jair Bolsonaro (PSC-RJ) cursed Dep. Jean Wyllys (PSOL-RJ) for being gay. Wyllys retaliated by trying to spit in Bolsonaro’s face – but the video showed that he missed. When he declared his vote in favor of impeachment, Bolsonaro provoked Pres. Dilma by praising Col. Brilhante Ustra who was in charge of Dilma’s torture at the DOI-Codi in SP in the early 1970s. [http://zh.clicrbs.com.br/rs/noticias/noticia/2016/04/video-jean-wyllys-cospe-em-direcao-a-bolsonaro-durante-votacao-5780400.html#](http://zh.clicrbs.com.br/rs/noticias/noticia/2016/04/video-jean-wyllys-cospe-em-direcao-a-bolsonaro-durante-votacao-5780400.html#)

**Foreign Correspondents, again** – On 19th April, Pres. Dilma convoked another (second) encounter with foreign correspondents where she blamed the price of petroleum, China, Eduardo Cunha, Michel Temer and Brazil’s prejudice against women for her impeachment.


### 1.2 – Consequences -- Aftermath

Only one PMDB cabinet minister reassumed his post after the impeachment vote in the Chamber --, and Health Minister Marcelo Castro. The latter used this excuse to not appear at a hearing in the 7th Civil Law circuit in Teresina, PI where he is accused of defamation of journalist Arimateia Azevedo. Dep. Celso Pansera (Science & Technology) decided to remain in the Chamber. Helder Barbalho (PA), Ports and Eduardo Braga (AM), Mines & Energy have tendered their resignations.

#### 1.2.1 – “Minister for a Day [or two]”

Before she embarked for NY on 21st April, Pres. Dilma appointed some new ministers to replace those who resigned. They will be ministers until the Senate accepts the impeachment deliberation – perhaps for three weeks. All were “in house” appointments, and not allocated to any political party:

**Mines & Energy** – Marco Antonio Martins de Almeida, was Secretary for Petroleum & Gas  
**Ports** – Maurício Muniz Barreto de Carvalho, was Secretary of PAC  
**Cities** -- Inês da Silva Magalhães, was National Housing Secretary.  
**Tourism** – Alessandro Golombiewski Teixeira, was Pres. of ABDI

### 1.3 – Impeachment in the Senate
On Monday, 18th April, the report from the Chamber vote to accept the admissibility of impeachment was read in the Senate. It was expected that the Senate would install its own 21-member Special Impeachment Committee the next day (19th April) via the indication of senators by the respective party floor leaders. However, Senate President Renan Calheiros (PMDB-AL) decided to wait one more week until 26th April (due to the national holiday on 21st April). However, under heavy pressures by the PSDB and other parties, he opted for Monday, 25th April. Apparently, the President of this committee will be from the PMDB and the reporter from the PSDB. The PSDB decided that its Senator Antonio Anastasia (MG) will be the Reporter, but the PMDB floor leader Sen. Eunício de Oliveira (CE) has yet to decide regarding the Committee President.

As a “show of force”, the group of anti-Dilma, pro-impeachment Senators want to muster 54 Senators (two-thirds) in favor of installing impeachment proceedings in the Senate. Only an absolute majority (41) is needed, but two-thirds are required for the final impeachment vote in the Senate.

Senator Eunício de Oliveira (PMDB-CE) expects the approval of the committee’s preliminary report (to install impeachment proceedings in the Senate to occur by 12th May, but he PT projects 17th May.

The party leaders in the Senate have already indicated their representatives for the Special Impeachment Committee that should be installed on 25th April. The two largest parties in the Senate will have the President and Reporter on this committee respectively, Sen. Raimundo Lira (PMDB-PB) and Sen. Antonio Anastasia (PSDB-MG). The PT complained about the later as being “biased” against Pres. Dilma.

On 18th April, Dep. Eduardo Cunha (PMDB-DF) announced that he would paralyze all activities (including voting on legislative bills/proposals) until the Senate decides to install impeachment proceedings against Pres. Dilma. This includes a request by the Finance Minister that Congress modify the fiscal deficit projection in the 2016 budget. If this is not approved, the government will be obliged to cease all spending.

On Friday, 22nd April, the Senate installed the special 21-member impeachment committee:

**PMDB**
- Raimundo Lira (PB)
- Rose de Freitas (ES)
- Simone Tebet (MS)
- José Maranhão (PB)
- Waldemir Moka (MS)

**PSDB-DEM-PV**
- Aloysio Nunes (PSDB-SP)
- Antonio Anastasia (PSDB-MG)
- Cásio Cunha Lima (PSDB-PB)
- Ronaldo Caiado (DEM-GO)

**PTB-PR-PSC-PRB-PTC**

**PP-PSD**
- Ana Amélia (PP-RS)
- José Medeiros (PSD-MT)
- Gladson Cameli (PP-AC)

**PT-PDT**
- Gleisi Hoffmann (PT-PR)
- Lindbergh Farias (PT-RJ)
- José Pimentel (PT-CE)
- Telmário Mota (PDT-RR)

**PSB-PPS-PCdoB-Rede**
- Vanessa Grazziotin (PCdoB-AM)
- Fernando Bezerra Coelho (PSB-PE)
The press produced a preliminary “score card” for this committee (14-to-6) that indicates a “mission impossible” for President Dilma Rousseff:

### In Favor of Impeachment (14)
- Rose de Freitas
- Antonio Anastasia
- José Medeiros
- Simone Tebet
- Cásio C. Lima
- Gladson Cameli
- José Maranhão
- Ronaldo Caiado
- Fernando Coelho
- Waldemar Moka
- Zezé Perrella
- Romário
- Aloysio Nunes
- Ana Amélia

### Against Impeachment (6)
- Wellington Fagundes
- Gleisi Hoffmann
- Lindbergh Farias
- José Pimentel
- Telmário Mota
- Vanessa Grazziotin

### Declared “Undecided” (1)
- Raimundo Lira

Apparently, Sen. Raimundo Lira (PMDB-PB) is the consensus choice for President of this Committee. The second largest bloc (PSDB-DEM-PV) chose Sen. Antonio Anastasia (PSDB-MG) to be the Reporter – BUT the PT objected “He is linked to Sen. Aécio Neves (PSDB-MG who was defeated by Dilma Rousseff in the 2014 election”. Thus, this point will be decided by a floor vote of the Senate on Monday, 25th April. It is possible that the PSDB might support Sen. Ana Amélia (PP-RS) as an alternate candidate for Reporter.

**Delcídio do Amaral** – After Sen. Delcídio do Amaral (no party-MS) was arrested (on a warrant issued by the STF) in November and finalized his plea bargaining testimony, the Senate Ethics Council began proceedings for his expulsion and summoned him to testify (his right to defense). He has missed three such convocations due to a series of medical exams in SP. Now the PSDB is negotiating his presence on 26th April. The PSDB is negotiating with Amaral his retraction of accusations that Sen. Aécio Neves (PSDB-MG) received bribe payments AND that he make new public accusations against Pres. Dilma just before the critical vote in the Senate. It is not clear what type of “compensation” might be made for Delcídio.

On 20th April, the STF accepted the plea bargaining testimony of Delcídio do Amaral be incorporated into the evidence used in the Lava Jato investigation. This testimony implicates both Lula and Dilma in the Petrobras corruption/bribery scheme.

**The Economist** published another story picturing the Christ the Redeemer Statue in Rio de Janeiro on its cover “The betrayal of Brazil”.

1.4 – Michel Temer

1.4.1 – Who is Michel Temer?

Brazil’s current Vice-President, Michel Miguel Elias Temer Lulio (age 75) was born in Tietê, SP on 23rd September 1940. His parents migrated from Baaboura in the north of Lebanon (district of Koura) in 1925. He received his BA in Law from USP in 1963 and concluded his doctorate in Constitutional Law at PUC-SP in 1974.

He began his political career as a staff assistant to Ataliba Nogueira (PSD-SP) who was Secretary of Education (1963-1967) under Gov. Adhemar de Barros (PSP-SP). Temer practiced Law until 1970 when he passed a public exam and became a state prosecutor in SP.

In 1983, Gov. André Franco Montoro (MDB-SP) – who had been his law professor at PUC-SP – appointed Temer to by Chief Public Prosecutor and 1984 appointed him to be state Secretary for Public Security. In 1985, he created the first police precinct for women in Brazil and later a special precinct to protect the rights of authors (against piracy and plagiarism). He joined the PMDB in 1981 and in April 1986, resigned his government post to run for federal deputy. He was elected first alternate and on 16th March 1987 he became a member of the National Constituent Assembly a MDB deputy took a leave of absence.

Again, in 1990, he ran for deputy and became an alternate and in 1992 he again became chief prosecutor in SP and once again was appointed state Secretary for Public Security, this time by Gov. Luiz Antonio Fleury Filho. In 1993 Temer became Secretary of Government and in April 1994 assumed the mandate as federal deputy. That year he was elected to the Chamber of Deputies in his own right (no alternate status).

He was reelected federal deputy in 1998, 2002, and 2006. In 2004, he ran for Vice-Mayor of the city of SP on the slate headed by Luiza Erundina.

Michel Temer was elected three times as President of the Chamber of Deputies ➔ 1997-1999, 1999-2001 and 2009-2010. Since 2001, Michel Temer has been National President of the PMDB. He was elected Vice-President in 2010 and reelected in 2014 on the PT-PMDB slate headed by Dilma Rousseff. He was married to Maria Célia Toledo and they had three daughters. He also fathered a son with a journalist. He is currently married to Marcela Tedischi Araujo and they have a son – Michel Jr. Temer’s oldest daughter, Luciana, was appointed municipal Secretary for Assistance and Social Development in 2013 by Mayor Fernando Haddad (PT).

1.4.2 – Profile of the Temer Government

Although Vice-President Michel Temer would only assume the Presidency when the Senate accepts the impeachment proposal approved by the Chamber on 17th April – probably around 11 or 12 May, he is meeting with many politicians from the PMDB and other parties in articulations regarding
the composition of his cabinet as well as immediate public policy alternatives. Below are some press speculations regarding the composition of his cabinet:

**Finance:**
- Henrique Meirelles, Former Central Bank President (Lula)
- Paulo Hartung (PMDB), Governor, Espírito Santo

**Central Bank:**
- Mário Mesquita, Former Central Bank Director & currently Banco Plural
- Amaury Bier, ex-Secretary of Economic Policy at Finance (FHC)
- Ilan Goldfajn, ex-Central Bank Director & now chief economist at Banco Itau

**Casa Civil:**
- Eliseu Padilha, ex-Minister of Civil Aviation (Dilma) & Transportation Minister (FHC)
- Moreira Franco, ex-governor of RJ & former Minister of Civil Aviation (Dilma)

**Social Area:**
- Ricardo Paes de Barros, economist, Coordinator of Science via Education (Insper)
  ➔ One of the “creators” of the *Bolsa Familia* program

**Foreign Minister:**
- Ruben Barbosa, former Ambassador to UK and US & coordinator at Fiesp
- Sérgio Amaral, retired Ambassador, Minister of Development (FHC)
- Sérgio Danese, currently number two at Itamaraty

**Agriculture:**
- Roberto Rodrigues, former Agriculture Minister (Lula)
- Marcos Montes, Federal Deputy (PSD-MG)
- João Sampaio, ex-Secretary of Agriculture (SP)

**Justice:**
- Carlos Ayres Britto, former STF Judge
- Carlos Velloso, former STF judge

**Health:**
- Senator José Serra (PSDB-SP), ex- Health Minister (FHC)
- David Uip, current Secretary of Health (SP)
- Alberto Beltrame, currently Secretary for Attention for Health, Health Ministry

**Social Security:**
- Roberto Brant, ex- Social Security Minister (FHC)

Most analysts affirm that Temer will reduce the number of cabinet posts (from 32 to near 20) in an effort to show the private sector investors that he will reduce expenditures. This measure will integrate some ministries back into the ministry from where they were detached.

Transportation + Ports + Civil Aviation ➔ Infrastructure
Agriculture + Agrarian Development ➔ Agriculture
Education + Culture + Sports ➔ Education

Other Ministries without portfolio should also be abolished and integrated into other ministries.

MDS – Social Development
MMIRDH – Women, Racial Equality & Human Rights
MTur -- Tourism

1.5 – STF postponed decision regarding Lula

On Wednesday, 20th April, the STF was to decide whether Lula should be allowed to accept Dilma’s appointment to the Casa Civil. On 18th March, STF judge Gilmar Mendes issued an injunction prohibiting Lula from becoming Dilma’s Chief of the Casa Civil – because this act “was a fraud of the Constitution and because Pres. Dilma was obstructing justice”.

However, on a 10-to-1 vote, the STF decided to postpone this decision. The dissenting vote was by Judge Marco Aurélio de Mello. Therefore, Lula will never become Chief of the Casa Civil with Dilma because she will be suspended by the Senate before the STF returns to this case again.

1.6 – Lava Jato investigation

On 20th April, it was revealed that based on the plea bargaining testimony by executives of the Andrade Gutierrez, Brazil’s second largest construction firm, the Federal Police calculated that between 2008 and 2014 AG had “contributed” R$ 292.6 million to 19 political parties ➔ PT (R$ 91 million), PSDB (R$ 72.2 million) and PMDB (R$ 63.5 million). Of the total of R$ 292.6 million, R$ 140 million was listed by AG as “overhead” – off the books campaign contributions.


On 20th April, IstoÊ magazine revealed that Danielle Fonteles, the owner of the Pepper ad agency, had affirmed in her Lava Jato plea bargaining testimony that she had opened a Swiss bank account with Morgan Stanley in 2012 to receive US$ 237 million from over invoiced contracts with construction firms Queiroz Galvão, OAS and Odebrecht. She affirmed that this had been “coordinated” by Pres. Dilma’s personal staff advisor Giles Azevedo and that these “off the books” funds were allocated to Dilma’s 2014 reelection campaign.

See ➔ http://www.istoe.com.br/reportagens/451625_A+DELACAO+QUE+COMPROMETE+DILMA

This testimony takes the Lava Jato investigation right into the office of Pres. Dilma Rousseff.

In more plea bargaining testimony in Curitiba, Monica Moura, wife of João Santana (the master political marketing strategist for Dilma’s 2010 and 2014 campaigns, affirmed that then Finance Minister Guido Mantega had intermediated “off the books” campaign contributions by Odebrecht in 2014.

When the Federal Police arrested Marcelo Odebrecht and confiscated his cell phone, they found an annotation related to this scheme ➔ “GM”, “27M” and a phone number. When they called
this phone number, Guido Mantega answered the call. The Federal Police also encountered another annotation in an Odebrecht e-mail stating that these “off the books” payments be made only by “specific authorization by MO”.

See ➔ http://www.otempo.com.br/capa/pol%C3%ADtica/monica-moura-diz-mantega-intermediou-caixa-2-em-reelei%C3%A7%C3%A3o-de-dilma-1.1283544

Lava Jato also took testimony from Júlio Faerman, the owner of Faercom that represented the Dutch firm SBM in Brazil. Faerman affirmed that in 2010, Petrobras executive Perdo Barusco had ordered him to make a US$ 300 million contribution to the PT

See ➔ http://oglobo.globo.com/brasil/petrobras-favoreceu-campanha-de-dilma-em-2010-diz-delator-19138204

1.7 – Brazilians reject democracy

One of the consequences of all the corruption accusations and convictions since 2014 plus the current impeachment proceedings has resulted in the rejection of democracy by Brazilians as reflected in a recent Ibope poll.

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<th>Are you satisfied with Democracy?</th>
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<tr>
<td>Very satisfied</td>
<td>2%</td>
</tr>
<tr>
<td>Satisfied</td>
<td>12%</td>
</tr>
<tr>
<td>Little Satisfied</td>
<td>34%</td>
</tr>
<tr>
<td>Not satisfied</td>
<td>49%</td>
</tr>
<tr>
<td>DK/NR</td>
<td>3%</td>
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</table>

This survey asked “Democracy is preferred over any other form of government” and only 40% agreed – the lowest result in ten years. The “good news” in this poll was that only 15% agreed with the phrase “In some circumstances, an authoritarian government would be preferred over a democratic government”. In a 2014 Ibope poll, 20% agreed.

2 – FOREIGN RELATIONS & TRADE

2.1 – Pres. Dilma ➔ NYC

Pres. Dilma spent three days in New York for the signing of the Paris Climate Change accord at the UN. In her absence, Vice-President Michel Temer will occupy the presidency. She travels on 21st April and returns on 23rd April.

She took advantage of this visit to reinforce her claim that her impeachment is an anti-democratic and that she is a victim of a “golpe”. Some of the international press has cast a “sympathetic” twist to her version in its reporting. The most recent example was a nine-minute CNN
report by Christiane Amanpour who interviewed Glenn Greenwald who lives in Rio. Greenwald worked together with Eduardo Snowden to reveal a massive amount of NSA files in 2013.


Reportedly, her 3 to 5 minute speech at the UN session on Friday, 22\(^{nd}\) April would not deal much with the topic of global climate change, but rather Pres. Dilma would complain bitterly that she is suffering a “golpe” and that Brazil’s democracy is in danger, being damaged. On 20\(^{th}\) April, in Brasilia, there were many complaints – including by STF judges - that this action will damage Brazil’s international image.


In an effort to counteract Dilma’s UN speech, Vice-President Michel Temer concluded a long interview with The Wall Street Journal where he explained that the impeachment procedures are totally within the determinations of Brazil’s 1988 Constitution and monitored/approved by the Supreme Court – “This is not a golpe or a coup d’état”. This interview was also published in The Wall Street Journal and the Financial Times.

See ➔ http://www.wsj.com/articles/brazils-vice-president-says-he-is-ready-to-take-over-1461260612

Pres. Dilma Rousseff arrived in NYC around 7:00 p.m. on Thursday and was hosted at the residence of the Brazilian ambassador to the UN – Antonio Patriota (Dilma’s ex-Foreign Minister). The Chamber of Deputies had sent two deputies – José Carlos Aeluia (DEM-BA) and Luiz Lauro Filho (PSD-SP) – as official representatives of the Chamber to the UN session on climate change on Friday, 22\(^{nd}\) April (Earth Day). However, Ambassador Patriota refused to issue UN credentials for them to assist this session – thus proving that he still is a loyal “vassal” to the President. Most certainly, when he becomes president, Michel Temer and his new Foreign Minister will transfer Patriota from the UN to some remote post in Africa.


However, in her 8-minute speech to the UN General Assembly, Pres. Dilma did not refer to a “golpe” but rather to the “grave moment” in Brazil that is trying to “avoid a step backward”. See the video clip in the clip below.


Later on Friday, Pres. Dilma met with foreign correspondents to further her discourse against the “golpe” under way in Brazil. Apparently, this will be her last international trip as President. Brazilian diplomats in NY went to great lengths of avoid Pres. Dilma being summoned by a NY court to “give explanations” regarding her participation in the acquisition of the Pasadena Refinery in Texas – where the value was estimated at US$ 300 million, but Petrobras paid US$ 1.3 billion for this decrepit refinery.
A group of irate Petrobras share holders have filed a class action suit in NY courts complaining that the corrupt actions by Brazil’s large petrol firm reduced the value of their shares. Finally, the Brazilian diplomats convinced the NY court that she could not be summoned because as President of Brazil she holds diplomatic immunity. However, within one month she should lose this immunity.

After she leaves the Presidency, it is possible that the NY court will put Dilma’s name on the urgent Interpol arrest list. Thus, like Dep. Paulo Maluf (PP-SP), she will not be able to leave Brazil at the risk of being arrested and extradited to New York.

3 - REFORMS

Nothing this week.

4 – PRIVATIZATION & REGULATION

4.1 - Airports

On Wednesday, 20th April, the TCU approved (with some adjustments) the concession [privatization] of four airports → Fortaleza, Porto Alegre, Salvador and Florianópolis. This should be the first big concession auction for the new Temer government.

4.2 - Gaspetro

On 20th April, Judge Alcides Martins Ribeiro Filho, 28th Federal circuit in Rio, issued an injunction prohibiting Petrobras from selling a 49% stake in its natural gas subsidiary, Gaspetro, to the Japanese Mitsui for R$ 1.93 billion – in response to a suit filed by FUP-Federation of Petroleum Workers. In January 2016, a federal court in Bahia issued a similar injunction. This sale is part of Petrobras’ attempt to sell off US$ 14.4 billion in assets.

5 - ECONOMICS

5.1 – April Inflation

On 20th April, IBGE released its mid-month IPCA-15 → +0.51% versus +0.43% in March 2016 and +1.07% in April 2015. Thus, the 12-monthaccumulation now stands at +9.34%. In 2015, the IPCA was +10.67%, the highest rate since 2002 (+12.53%). The IPCA-15 is a composite of surveys conducted in 11 state capital cities.

5.2 - Unemployment
According to IBGE, unemployment in the quarter ending in February 2016 increased to 10.2% or 10.4 million persons – up from 9.5% in the quarter ending in January 2016. This data came from the PNAD (National Survey of Households) conducted by IBGE. The number of workers with official signed work contracts declined by -1.5%. Employment in the industrial sector was down -5.9%. Average workers’ incomes declined R$ 1.954,00 \( \Rightarrow \) R$ 1.934,00. In the same period in 2014-2015 the average income was R$ 2.013,00.

5.3 – Caged data, jobs lost in March

On 22nd April, The Ministry of Labor released the Caged data \( \Rightarrow \) 118,776 jobs were eliminated – the worst March result since 1992. In 1st Q/2016, 319,150 jobs were lost.

5.4 – IBC-Br

On 22nd April, the Central Bank released its IBC-Br – index of economic activity – for the month of February \( \Rightarrow \) -0.29% MoM and -6.52% YoY-- the 14th consecutive decline in the “proxy” indicator of Brazil’s GDP. In January 2016, the decline of the IBC-Br was -0.68%. The 12-month accumulation of the IBC-Br is not -4.75%.

5.5 – SRF, federal tax collections decline

One of the most direct results of Brazil’s worsening economic recession is the continued decline in federal tax collections. On 19th April, the SRF announced that tax collections in March were R% 95.779 billion, -6.96% YoY. This was the third straight decline and the worst result for March since 2010. Tax collections in 1st Q/2016 were R$ 313.014 billion, down by -8.19% compared with 1st Q/2015.

5.6 – March public accounts

This week, part of Brazil’s public accounts for March became available.

Current Account \( \Rightarrow \) US$ 855 million deficit \textit{versus} US$ 1.9 billion in February

This was the lowest current account deficit in over six years. In March 2015, the deficit was US$ 5.759 billion. In 1st Q/2016 the deficit is US$ 7.6 billion.

FDI – Foreign Direct Investment continued “strong” \( \Rightarrow \) US$5.557 billion.

Profit Remittances – In March, the Central Bank registered US$ 1.4 billion in profit remittances by Brazilian firms, -48% below the average (US$ 2.7 billion) according to Central Bank data.

Tourist Spending – In March, Brazilian tourists spend US$ 894 million overseas, up from US$ 242 million in February.

5.7 – BMW to export autos to US
On 20th April, BMW announced that its factory in Araquari, Santa Catarina will export 10,000 cars (X1 utility vehicles) to the US. These BMW exports will begin in July 2016 and some 300 extra workers are being hired in addition to the current 700 auto workers at BMW-Brazil.

This BMW factory was inaugurated in October 2014 with an investment of R$ 800 million with a capacity to produce 32,000 units per year. In addition to the X1 model, this factory also produces the Series 1, Series 3, X3 and the Mini Countryman models.

The last export of Brazilian autos to the US was between 2000 and 2005 when VW exported 137,925 units of the Golf model. Before that, between 1987 and 1993, VW exported 227,084 Voyage and Parati models.