Looking Ahead ➔ What to watch for?

- 10th April – General elections in Peru
- 13th April -- FGV to post IGP-10 ➔ +___% *versus* +___% in March
- 15th April -- Central Bank to release its IBC-Br for February ➔ +___%
- 15th April -- IBGE: February retail sales ➔ ___% MoM & ___% YoY
- 15-17 April -- Spring Meetings of IMF and World Bank Group, Washington, DC
- 17th April – Probable date for full Chamber to vote impeachment
- 18th April -- Labor Ministry: *Caged* data -- ____ jobs lost in March
- 18th April -- Brazilian-Am. C of C in NYC, 2016 Brazil Summit, Harvard Club
- 18th April -- IBGE to announce March unemployment ➔
- 18th April -- Serasa Experian ➔ consumer defaults in 1st Q/2016
- 18th April -- IBGE to release the IPCA-15 ➔ +___%, *versus* +___% in March
- 19th April -- CNI: February industrial employment ➔ ___ points
- 21st April -- *Tiradentes* National Holiday [Martyr of Independence]
• 22nd April -- Earth Day
• 23rd April -- Municipal holiday in Rio de Janeiro ➔ São Jorge
• 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 ➔ + ____%

1 - POLITICS

1.1 – “The Panama Papers”

A “leak” of more than 11 million documents from a Panama-based law firm – Mossack Fonseca (MF) – that specializes in setting up “off shore” firms for businesses and individuals broke open last weekend – and involved many of the firms, political parties and politicians investigated by Lava Jato.

The total list was uploaded online by ICIJ-International Consortium of Investigative Journalists. See ➔ https://panamapapers.icij.org/

The “leaker” first made contact with the German newspaper Suddeutsche Zeitung in late 2014. This newspaper had previously reported on a smaller leak of Mossack Fonseca files to German government regulators. SZ reporter Bastian Obermayer said that the leak source contacted him through encrypted chat that finally evolved into a compete transfer of The Panama Papers data. The source affirmed that his/her life was in danger and refused to meet Obermayer in person.

After seeing a large portion of this data, SZ contacted ICIJ that had helped coordinate previous tax haven mega leaks including a 2013 analysis of the assets protected by the Swiss bank HSBC. ICIJ released parts of this data to selected media outlets. In Brazil, those outlets selected were O Estado de SP, UOL and RedeTV!

See ➔ http://politica.estadao.com.br/noticias/panama-papers,11-5-milhoes-de-registros-financeiros-expoem-corrupcao-global,10000024510

According to UOL journalist Fernando Rodrigues, MF helped open 107 offshore firms kinked to persons involved in the Lava Jato scheme. MF operated for at least six large firms and families cited (16 of shores) in Lava Jato – nine of these off shore firms were not known by the Lava Jato task force and are linked to Odebrecht, and the Mendes Junior, Schahin, Queiroz Galvão Feffer (controls the Suzano Group) and Walter Faria (Petropolis Group) families.

Brazilian politicians from seven political parties appear on these lists ➔ PMDB, PDT, PP, PSB, PSD, PSDB and PTB.

1.2 - Impeachment

Monday, 4th April, was the last day (tenth session of the impeach committee) for Pres. Dilma to present her defense. This task (chore) was assigned to José Eduardo Cardozo (AGU). Some deputies questioned whether the “Legal Counsel for the Union) should defend the President or not – but after consulting the Chamber’s legal staff, the committee president Dep. Rogério Rosso (PSD-DF) determined that the President had the right to select anyone she chose to represent her.

Cardozo had prepared a 200-page defense that was distributed to the members of the committee and he presented a summary of the President’s defense. He affirmed that she had not committed any “crime of responsibility” and accused Dep. Eduardo Cunha (PMDB-RJ) of accepting the accusation in favor of impeachment out of “pure personal vengeance” against the President.

The Dilma government is going “all out” to garner support from deputies and senators using traditional “pork barrel” techniques – especially offering federal appointments (including cabinet ministries) to “lower clerics” – direct negotiations with certain “wavering” deputies, instead going through the party leaders. To this end, appropriations for these deputies’ “pet projects” are also being negotiated and as a result the fiscal adjustment is being sacrificed. Lula is acting as the President’s informal articulator and he is concentrating on the “lower clerics” from the North and Northeast.

Apparently, these “articulations” are mere “promises”. On 5th April, Pres. Dilma affirmed that none of these appointments will be made until after she wins the impeachment battle in the Chamber. However, she added that the “new team” would be articulated before the Chamber vote – in order to avoid “betrayals”.

See ➔ http://noticias.uol.com.br/politica/ultimas-noticias/2016/04/05/dilma-descarta-mudancas-de-ministerios-antes-de-votacao-e-critica-factoides.htm

On Tuesday, both Petrobras and Pres. Dilma mentioned the possibility of a reduction of the refinery price of gasoline and diesel – that are considerably higher than international prices. Many analysts feel that this is a tactic to increase the popularity of the Dilma government and reduce the possibility of her impeachment. As a result, the price of Petrobras stocks on Bovespa was down 9%. Reportedly, the “suggestion” to reduce gasoline prices was made to Petrobras President Aldemir Bendine by Finance Minister Nelson Barbosa.

Last week, the “quotation” of the going price for deputies voting against impeachment was cited at R$ 1 million. On Tuesday, 5th April, Dep. Paulo Pereira da Silva (SD-SP) affirmed that the price had increased to R$ 2 million.

**PP tries to decide** – PP national president Sen. Ciro Nogueira (PP-PI) convoked PP deputies and senators for a meeting on the afternoon of 6th April in an attempt to decide whether to break (or not) with the Dilma government. Nogueira denied that any negotiations are ongoing to secure several cabinet posts in the Dilma government. However, it is reported that in addition to National Integration, the PP also covets Education, Health and/or Mines & Energy.
BUT – Around noon, Nogueira canceled this meeting affirming that he had surveyed the 57 PP members of Congress and found 40 in favor of remaining in the Dilma government coalition. However, this meeting had been requested by 24 of the PP’s 48 deputies. Apparently, the latter will now try to convoke a meeting of the PP national executive committee. **What happened?** Anticipation – Pres. Dilma appointed a PP militant to head up the DNOCS.

**PROS “on board”? –** On 5th April, PROS was “awarded” the R$ 60 billion education fund (FNDE) with the appointment of former Tourism Minister Gastão Vieira – former PMDB (linked to José Sarney) who recently switched to PROS.

The impeachment scorecard published by the **OESP** on 8th April features the following party breakdown:

<table>
<thead>
<tr>
<th>Position on Impeachment</th>
<th>PMDB</th>
<th>PT</th>
<th>PSDB</th>
<th>PP</th>
<th>PR</th>
<th>PSD</th>
<th>DEM</th>
<th>PRB</th>
<th>PDT</th>
<th>PTB</th>
<th>SD</th>
<th>PCdoB</th>
<th>PPS</th>
<th>PSC</th>
<th>PV</th>
<th>Other*</th>
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</thead>
<tbody>
<tr>
<td>In Favor</td>
<td>34</td>
<td>00</td>
<td>51</td>
<td>25</td>
<td>14</td>
<td>18</td>
<td>28</td>
<td>11</td>
<td>4</td>
<td>9</td>
<td>14</td>
<td>00</td>
<td>9</td>
<td>9</td>
<td>7</td>
<td>21</td>
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<tr>
<td>Against</td>
<td>3</td>
<td>57</td>
<td>00</td>
<td>9</td>
<td>5</td>
<td>6</td>
<td>00</td>
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<td>12</td>
</tr>
<tr>
<td>Undecided</td>
<td>15</td>
<td>00</td>
<td>00</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td>00</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>00</td>
<td>00</td>
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<td>00</td>
<td>00</td>
<td>6</td>
<td>13</td>
<td>6</td>
<td>00</td>
<td>6</td>
<td>6</td>
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<td>00</td>
<td>00</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

* - PSol, PTN, PROS, Rede, PHS, PEN, PSL, PTdoB & one without party affiliation.

**Mensaleiros to Brasília.** Two prominent “Mensaleiros” traveled to Brasília this week to lobby deputies **vis-à-vis** impeachment – in opposite directions. **First,** former national president of the PTB Roberto Jefferson (who was **cassado** in 2005 arrived from Rio to lobby in favor of Dilma’s impeachment. More discrete, former National President to the PR, Valdemar Costa Neto, arrived to hold court at his party’s HQ to lobby deputies against impeachment. Costa Neto received a prison sentence by the STF but was released.

On Wednesday, 6th April, the **O Estado de São Paulo** published an updated version of its “Scoreboard of Impeachment” in a full two-page spread ➔ 234 deputies in favor of impeachment, 56 undecided, 10 would not reveal their vote, 103 were not contacted by the **OESP** survey, and 110 said they would vote against impeachment – to approve impeachment, 342 votes are needed. Thus, it is apparent that among the 513 federal deputies, there is still a large “space for maneuvering” [negotiation, bargaining, pork barrel pressures, etc.] during the next 9 or 10 days before the final Chamber roll call vote. The compilation of this scoreboard was closed and went to press at 8:30 p.m. on 5th April.


**Datafolha Poll –** On 8th April, the **Folha de São Paulo** published the results of a **Datafolha** poll among 291 deputies and 68 senators. These anonymous interviews were concluded on 7th April. This survey showed that 60% of the deputies favorable toward impeachment, 21% negative and 18% undecided. This poll should not have as great an impact on the deputies’ positions as the surveys published in the **OESP** and **O Globo** where the names, party affiliation and pictures of the deputies by their positions are clearly available. These two publications caused some deputies to announce that they are indeed in favor of impeachment.
April 17 – “D Day” for Dilma?  Apparently, Chamber President Dep. Eduardo Cunha (PMDB-RJ) is planning to hold the critical [and final] roll call vote in the full chamber on Sunday, 17th April. This event would be broadcast live by all TV networks with very high audience ratings as the population (Brazilian voters) watch “their” deputies declare their vote. Pres. Dilma and her supporters clearly perceive that this roll call vote on a Sunday probably will “sway” the deputies’ votes in favor of impeachment – more so than if this crucial vote were held on a weekday. To this end, the Dilma government plans to contest this Sunday vote at the STF – not via the AGU but rather a petition by PT and PCdoB deputies. This petition will contest two important decisions by Chamber President Eduardo Cunha: 1) Set the vote for a Sunday; and 2) The roll call voting order established by Cunha that would begin with states in the South whose deputies are well known to be favorable to impeachment, and conclude with states from the North and Northeast whose deputies are more favorable toward Dilma. This petition will cite the decision by then Chamber President Ibsen Pinheiro (PMDB-RS) in September 1992 when he set the impeachment vote for Pres. Fernando Collor on a weekday and did the roll call vote in alphabetical order. Given recent opinions expressed by STF judges that the high court should refrain from intervening in the impeachment vote, this effort by the AGU should be in vain.

Lula ➔ Casa Civil??  After Pres. Dilma appointed Lula to the Casa Civil position, STF Judge Gilmar Mendes issued an injunction suspending this appointment because “this action was aimed at giving Lula “judicial cover” [foro previlegiado] so that he could not be prosecuted by the first level Federal Judge Sérgio Moro in the Lava Jato investigation. Mendes’ injunction remains in force until the full STF deliberates this question. However – on 7th April, the PGR, Rodrigo Janot, filed a brief (reversing his 28th March brief) recommending that the STF annul Lula’s appointment to the Casa Civil because this constitutes a desvio de finalidade. As a result, this case has been placed on the agenda of the STF for 20th April – after the Chamber votes on Dilma’s impeachment on 17th April. Oh well.

Reportedly, Janot’s new recommendation to the STF left Pres. Dilma and her inner circle of supporters in a “state of shock”. Brazil’s institutions are “closing ranks” against Dilma.

1.2.1 – Impeachment of Michel Temer?

On April Fools’ Day, 1st April, former Ceará Governor and former Education Minister, Cid Gomes (PDT-CE) filed a request for impeachment against Vice-President Michel Temer (PMDB-SP) at the Chamber of Deputies arguing that while acting as interim President (during overseas trips by Pres. Dilma, Vice-President Michel Temer also committed “crimes of responsibility” (like Dilma) by signing additional expenditure decrees without approval by Congress.
**What** do the Gomes brothers (Ciro & Cid) want from Dilma in return? They are from the Northeast state of Ceará – so they want the Presidency of the BNB-Banco do Nordeste. **Remember:** In January 2015, Pres. Dilma appointed Cid Gomes to be Education Minister for her second term – but his was such a disaster that soon she had to kick him out. **Detail:** In 2013, they left the PSB (so as not to have to support Eduardo Campos’ campaign for president and organized the new PROS to help reelect Dilma. But in 2015, they joined the PDT with the promise by Carlos Lupi (PDT President) that Ciro Gomes would become the PDT presidential candidate in 2018.

On 4th April, Chamber President Dep. Eduardo Cunha (PMDB-RJ) rejected this request. On 5th April, STF Judge Marco Aurélio MELLO (appointed by his cousin then President Fernando Collor de MELLO in 1990) responded to a request by lawyer Mariel Márley Marra and (via an injunction) ordered Cunha to install a special impeachment committee in the Chamber to deliberate possible impeachment of Temer.

That same day Cunha affirmed that he would appeal Mello’s injunction to the full Supreme Court but in the meantime he would adhere to Mello’s order and “attempt” to install this special committee – **BUT** he pondered that if the political party floor leaders in the Chamber refused to indicate their respective deputies for this Committee it could not be installed.

**Want more?** On 6th April, the national coordinator of the MBL-Movimento Brasil Livre [Free Brazil Movement] – lawyer Rubens Nunes -- that has organized several anti-Dilma street demonstrations, including the massive mobilization on 13th March – filed a request at the Senate asking that a special committee be installed to impeach STF Judge Marco Aurélio Mello because he violated the “separation of powers” established by the 1988 Constitution and Article 39 of Law 1079 (1950). Rubens Nunes’ brief also stated that Mello acted in a *desidiosa* [careless, negligent] manner. The 1988 Constitutions stipulates that the Senate can remove a STF Judge by a 2/3 vote (54 Senators).


That same day, Senate President Ronan Calheiros (PMDB-AL) rejected this request.

**Still more??** On 6th April, Dep. Cabo Daciolo (PTdoB-RJ) filed another impeachment request directly at the STF asking that Vice-President Michel Temer be included in the deliberations of the Chamber Impeachment Committee that is examining the impeachment of Pres. Dilma Rousseff. This request was distributed to STF Judge Celso de Mello (no relation to Marco Aurélio Mello or Fernando Collor de Mello) – the “Dean” of the Supreme Court – and he denied this request – affirming that the
“independence of the three powers should be preserved and respected; that the STF should not interfere into the internal operations of the Senate or Chamber” ➔ a very direct “slap in the face” of his colleague Marco Aurélio Mello.

1.3 – Impeachment Committee Report

On Wednesday afternoon, 6th April, the reporter on the Chamber Impeachment Committee, Dep. Jovair Arantes (PTB-GO) read his 128-page report to the Committee (almost 5 hours). Another 2 hours was devoted to heated “discussions”. In his report, Arantes affirmed that:

1) Impeachment is not a “golpe”;
2) That in previous impeachment attempts (including Collor in 1992), that the now government coalition (then opposition) was in favor of impeachment;
3) That he had encountered several cases of indications of “crimes of responsibility” committed by Pres. Dilma in 2015;
4) That she had decreed increased expenditures without prior authorization by Congress;
5) That she illegally contracted “loans” from state banks to cover the deficits; and
6) Recommended that the Committee vote out the “admissibility” of impeachment to go to a full Chamber vote.

Tit-for-Tat ➔ On the day that Dep. Jovair Arantes read his report to the Impeachment Committee, the Director of Conab, Roberto Naves da Siqueira was sacked by Pres. Dilma. Detail: Siqueira had been “indicated” for this federal job by Dep. Jovair.

Apparently, the Impeachment Committee will take a two-day break and then begin discussing this report on 9th April and take its final vote on 11th April. After the approved report is published in the daily record, it will be open to discussion by the full Chamber and supposedly be put to a long roll call vote on Sunday, 17th April.
**When a “coup” is not a coup.** This point was raised on 7th April in an article by *The Economist* – that posed the question – *How should a presidential system deal with political breakdown?*


**Massive street demonstrations planned.** The MBL and the “Vem Pra Rua” [Come into the Street] are planning massive street protest mobilizations for Sunday, 17th April and hope that the number of persons mobilized will surpass that of 13th March. Probably, in each city, the protesters (in favor of Pres. Dilma’s impeachment) will post placards with the names and photos of those deputies who reportedly will vote against impeachment or be absent.

**The pro-Dilma group (against impeachment)** is organizing a street mobilization in Rio de Janeiro next Monday, 11th April in the Lapa neighborhood. This convocation was led by singer Chico Buarque and supported by Leonardo Boff, Wagner Moura, Fernando Morais and Eric Nepomuceno.

### 1.4 – New IPP poll

On Wednesday afternoon, 6th April, IPP-Paraná Research Inst. released its most recent poll conducted among 1,281 voters on1-3 April. A very large majority 85.9% disapproves Dilma as president and 12.1% approve. A smaller proportion, 70.4% favor her impeachment with 26.5% negative. Finally, 61.0% feel that she will not complete her terminate office and 74.7% think that impeachment is not a golpe.

### 1.5 – New elections?

On Monday, 4th April, Sen. Valdir Raupp (PMDB-RO) launched the idea of convoking new elections for president to coincide with the municipal elections in October 2016 – for the remainder of Pres. Dilma’s term (through 1st January 2019).

Quickly, a group of nine other senators from the PSB, PPS and Rede endorsed this idea. Such a modification would have to be accomplished via a PEC (Constitutional Amendment). This would take several weeks (or months) and would take place after the Chamber votes on Pres. Dilma’s impeachment. If impeachment is approved by the Chamber and the process accepted by the Senate, this PEC could be approved before the Senate finalizes her impeachment. **BUT** many analysts remembered Article 16 in the 1988 Constitution that determines that any modification in election rules (including dates) must be published in the official record at least one year prior to the next election.

Gov. Geraldo Alckmin (PSDB-SP) stated that this “elections ploy” is an attempt to weaken the impeachment effort.

**HOWEVER – 1)** If the Chamber rejects impeachment, this PEC would be deliberated with Pres. Dilma still in the presidency; or **2)** If the Senate accepts to continue the impeachment process, Pres. Dilma would be suspended for 180 days and Vice-President Michel Temer would become interim President. With this second alternative, probably the PMDB would not favor such a PEC, but the PT, PSDB and Rede would favor this amendment. The PT would hope that Lula would become a candidate, and the Rede and PSDB would think that their possible candidates – Marina Silva or Sen.
Aécio Neves could be elected. **Remember:** In the last *Datafolha* poll, the simulation of a presidential election in 2018 had Marina Silva in 1st place, A. Neves in 2nd and Lula in third (with 57% rejection for Lula). Concerned that he might be declared ineligible in 2018, Lula is now in favor of a PEC that would convocate elections in October 2016 for the remainder of Pres. Dilma’s term in office.

⇒ Stay tuned!!!!

### 1.6 – *Lava Jato*

The recent police *Operation Carbon 14* arrested Ronan Maria Pinto, Silvio Pereira and Delúbio Soares. On 5th April, Judge Sêrgio Moro determined that Ronan and Delúbio Soares be held under permanent arrest and freed Silvio Pereira.

**Andrade Gutierrez** – Although the plea bargaining testimony of executives of the large construction firm, Andrade Gutierrez, has yet to be officially accepted by the STF, portions of this testimony were published by the *Folha de São Paulo* on 7th April. These accusations dumped more gasoline on the impeachment fire. **AG** affirmed that the R$ 20 million contributed to Dilma’s reelection campaign in 2014 came from Petrobras corruption – bribes to favor over-invoicing of contracts and that the same practice was used in the 2010 and 2013 campaigns. Former AG director, Flávio Barra affirmed that former minister and ex-deputy Antonio Delfim Neto received R$ 15 million via false contracts operated by his nephew with Eletrobras. Pres. Dilma called this “leak” of the AG testimony as orchestrated as part of the pro-impeachment “golpe”.


**Sill more??** This AG testimony is filled with other “bombs”. AG was one of the controllers of the telecommunications group *Telemar* that later was transformed into *Oi*. The former AG CEO, Otávio Azevedo, testified that *Telemar* made an initial “investment” of R$5.2 million in Gamecorp – a small firm owner by *Lulinha* (Fábio Luiz Lula da Silva, Lula’s son) and Jonas Suassuna – was at the time considered a “business strategy” decision. Three years later, then Pres. Lula altered the General Law of Telecommunications to allow *Telemar-Oi* to acquire its rival Brasil Telecom.


### 1.7 – *São Paulo Mayor Election*

The field of candidates for the October election for Mayor of SP is now more defined. João Dória “won” the PSDB primary and Fernando Haddad (PT) will seek reelection. Sen. Marta Suplicy
left the PT to become the PMDB candidate. Celso Russomanno continues as the PRB candidate, and former SP Mayor Dep. Luiza Erundina left the PSB to become a candidate with the PSoL.

The most recent *Datafolha* poll conducted in November 2015 had the following results:

*Datafolha* conducted a poll focusing on the election for Mayor of SP in October 2016 on 28-29 October among 1,092 voters with a 3-point margin of error.

<table>
<thead>
<tr>
<th>Candidate/Party</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russomanno (PRB)</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>M. Suplicy (PMDB)</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>Datena (PP)</td>
<td>13%</td>
<td>12%</td>
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<tr>
<td>Haddad (PT)</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>M. Feliciano (PSC)</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Dória Jr. (PSDB)</td>
<td>3%</td>
<td>-</td>
</tr>
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<td>Matarazzo (PSDB)</td>
<td>-</td>
<td>4%</td>
</tr>
<tr>
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<td>18%</td>
</tr>
<tr>
<td>DK/NR</td>
<td>2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

This October 2015 poll showed a 49% rejection of Mayor Fernando Haddad. Since then Gabriel Chalita left the PMDB and joined the PDT and should become the running mate (Vice-Mayor) of Mayor Fernando Haddad (PT). Also, Datena (PP) and Matarazzo (PSDB) have dropped out of this race. It is possible that in the next few weeks, *Datafolha* will conduct another poll in SP.

### 1.8 – Pres. Dilma ➔ Porto Alegre

This past weekend, Pres. Dilma flew to Porto Alegre for what was listed as a “private trip”. She was in POA less than 24 hours, visiting her daughter Paula and her two grandsons, Gabriel (age 5) and Guilherme (age 3 months). Usually, while in POA, Pres. Dilma met with her ex-husband, Carlos Araujo considered her “informal advisor”.

### 1.9 – Lapop survey Brazil ranked 25th

The Latin American Public Opinion Project (Lapop) at Vanderbilt University conducted a survey among 53,400 persons in 26 countries in Latin America regarding “respect” for each nation’s political institutions.

This “ranking” varied between zero and 100 and Brasil scored 48.2 points – in 25th rank ahead of Jamaica (only) the top ranked nation was Nicaragua (75.1), followed by Costa Rica (70.0), El Salvador (69.5) and Uruguay (68.5).

According to Guilherme Russo, a Lapop analyst who interpreted the results for Brazil, the causes of this very low ranking are the accumulation of corruption scandals involving many political parties, and the fact that the “political class” has done nothing to modify/improve the structural factors in these cases.
1.10 – TCU suspends agrarian reform

On 7th April, the TCU- Federal Accounting Court [external control] suspended ALL new initiatives under Brazil’s agrarian reform – including recent expropriations signed by Pres. Dilma Rousseff – because of massive corrupt practices discovered via a TCU investigation.

This investigation identified 2,095 persons who received lots in INCRA (agrarian reform) settlements with “external signs of wealth – some with cars worth nearly R$ 70,000,00. In addition, 1,017 elected officials were identified – 847 city council members, 90 state deputies, 69 vice-mayors, for mayors and one federal senator. The names of the latter remain secret during the investigation.

All told, this audit found 479,600 cases of “irregularities” among those included in agrarian reform projects – 144,600 are public civil servants and military, 62,000 are “businessmen” and 38,000 were dead when they received their lots.

1.11 – Senate approved new pension fund law

On 6th April, the Senate approved new rules for the management of state enterprise pension funds. This proposal was originally drafter by Senators Paulo Bauer (PSDB-SC) and Valdir Raupp (PMDB-RO) but was modified by a substitute proposal by Sen. Aécio Neves (PSDB-MG).

The main point will be to remove political party (PT) militants from the administrative councils of these pension funds. Because of “bad management” that ripped off these pension funds, it is estimated that some R$ 51 billion in their assets were “lost”. The worse cases are Postalis (post office), Petros (Petrobras, Previ (Bank do Brasil) and Funcef (Caixa Econômica Federal).

To be appointed to the administrative councils or other management positions in these funds, the prospective appointee should not have had any political party activities for 24 months, and not engage in any such activities for 12 months after leaving the pension fund.

The objective is to “professionalize” the management of these funds and avoid future “rip offs”. The case of Postalis is so bad that the level of assets is almost insufficient to pay its current pensioners. SO – the level of all pensions will be reduced by 18% and the contributions of current employees will be increased by 18%.

2 – FOREIGN RELATIONS & TRADE

2.1 – Brazil now imports ethanol from Iowa

When the US was trying to ease its dependence on imported petroleum by mixing ethanol with gasoline for automobile fuel, the US imported some 452 million gallons from Brazil a decade ago.
Now, this situation is reversed, are reversed as Brazil’s ethanol producers do not meet the local demand (high international sugar prices) and Brazil is importing 5.7% of the US production of ethanol (produced from corn). The US also exports ethanol to Canada, The Philippines, China, South Korea and India.


2.2 – Monaco ➔ São Paulo

On Monday, 4th April, Monaco’s sovereign, Prince Albert, led a delegation of business leaders on a quick visit to São Paulo – the first such visit to a Latin American nation.

2.3 – Greece? No way!

On 8th April, it was announced that Pres. Dilma would not travel to Greece to participate in the ceremony for the lighting of the Olympic torch on 21st April. Brazil will be represented by the Minister for Sports Ricardo Leyser and the Mayor of Rio Eduardo Paes.

If her impeachment is not approved by the Chamber on 17th April, Pres. Dilma plans to travel to New York on 19-22 April in order to sign the Paris Accord on climate change.

3 - REFORMS

Nothing this Week.

4 – PRIVATIZATION & REGULATION

Nothing this Week.

5 - ECONOMICS

5.1 – Bankruptcies increase

According to SCPC-Credit Protection Service, requests for bankruptcy increased by +31.6% in 1st Q/2016 as compared with 1st Q/2015. Requests for judicial supervision of bankruptcies were up by +165.7%. SCPC data showed that the Services sector had 40% of these requests, followed by the Industrial Sector (34%) and Commerce (16%).

5.2 – Auto production decreased
On 6\textsuperscript{th} April, Anfavea announced that 482,290 units had been produced in 1\textsuperscript{st} Q/2016 – down by 27.8\% compared to the 667,570 units produced in 1\textsuperscript{st} Q/2015. According to Anfavea President, Luiz Moan, “We have returned to production levels in 2003”.

5.3 – Savings accounts depleted

Because of the deepening of Brazil’s economic depression, in 1\textsuperscript{st} Q/2016, savings accounts presented a very negative result \(\rightarrow\) -24\% deletion \(\text{[deposits minus withdrawals]}\). A similar result was posted in 1\textsuperscript{st} Q/2015 \(\rightarrow\) a -23.2\% negative result. In 2013 and 2014, the results were positive \(\rightarrow\) +10.6\% and +5.4\%, respectively.

5.4 – Inflation in March \(\rightarrow\) +0.43\%

\textbf{IPCA} -- On 8\textsuperscript{th} April, IBGE released its data for the IPCA for the month of March. Brazil’s official inflation index was down to +0.43\% from +0.90\% in February. The main reason – a decline in energy prices. Thus, the 12-month accumulation is now single-digit \(\rightarrow\) +9.39\% \textit{versus} +10.36 in February.

\textbf{IGP-DI} – On April 7\textsuperscript{th}, the FGV released its data for the IGP-DI \(\rightarrow\) +0.43\%, down from +0.79\% in February. Commodities and the US$ were the main causes.

5.5 – Industrial Production

On 7\textsuperscript{th} April, IBGE released its data for industrial production for the month of February \(\rightarrow\) -2.5\% MoM & -9.8\% YoY. In the state of São Paulo that accounts for 35\% of Brazil’s IP, the decline was -2.1\% MoM and -12.3\% YoY.