ECONOMY

Unemployment and wages up in February

Brazil's unemployment rate rose to 5.7% from 5.5% in January, the government statistics agency IBGE announced. However, February's jobless number was the lowest for the month since 2002, indicating that the Brazilian labor market was largely unaffected by the country's economic slowdown in the second half of 2011. Wages adjusted for inflation rose 1.2 percent from January to R$1,699 (US$931)—4.4% more than a year earlier. (March 22)

External trade surplus highest since March 2007

Exports exceeded imports by US$2 billion in March, up 30% over March 2011 and the best result for the month since 2007, according to the Ministry of Development, Industry and Foreign Trade. Both exports, at US$21 billion, and imports, at US$19 billion, set new records. (April 2)

Manufacturing output up in February

Industrial production grew 1.3% in February, after falling 1.5% in January, according to seasonally adjusted IBGE data. Compared with February 2011, however, production fell by 3.9%, the sixth consecutive decline. So far in 2012 the industrial sector is down by 3.4%. (April 3)

Inflation lower in March

Brazil's official consumer price index rose 0.21% in March, slowing from a 0.45% rise in February mainly because inflation was lower for all items but food and transportation. (April 5)

TRADE

BNDES and Interbank finance machinery exports to Peru

On March 12 the National Bank for Economic and Social Development (BNDES) and the Banco Internacional Del Perú S.A.A. (Interbank) signed a contract to finance Brazilian exports of machinery and equipment to Peru. A line of credit up to US$50 million was established. The partnership between the BNDES and Interbank will promote trade between Brazil and Peru and present new opportunities for their financial cooperation. (March 13)

Mexico bows to Brazilian pressure on auto exports

Mexico has agreed to reduce its auto exports to Brazil to an average of about US$1.6 billion over the next three years, bowing to Brazilian concerns about its ailing industrial sector. Mexican car exports to Brazil jumped by around 70 percent in 2011, aggravating a glut of cheaper imported autos in Brazil. The quota is the latest in Brazilian government efforts to protect the industry. Free trade between the two nations will resume after three years. However, the accord fell far short of what Mexico said it would fight for, and prompted harsh words from Mexican free trade advocates. (March 15)

POLITICS

President shuffles government leaders

President Dilma Rousseff ousted her floor leaders in both houses of Congress in a move seen as an effort to quell signs of unrest within the governing coalition. Sen. Romero Juca of the Democratic Movement Party (PMDB) and Rep. Candido Vaccarezza of the Workers' Party (PT) stepped down so that the president could introduce rotation of the posts, which are the administration's main points of contact with each chamber. The PMDB's Sen. Eduardo Braga replaces Juca and the PT's Rep. Arlindo Chinaglia replaces Vaccarezza. According to Rep. Jeronimo Goergen (government-allied Progressive Party), "It's no use changing the leaders or ministers … because they will always require authorization from President Rousseff for everything they do. This is a general complaint among members of the coalition." (March 15)

DEFENSE

Embraer supplies aircraft to African nations

Embraer Defense and Security has signed contracts with three African nations to acquire its A-29 Super Tucano light attack and advanced training turboprops: Burkina Faso, Angola, and Mauritania. Total value of the contracts—which include an extensive logistical, training, and replacement parts package—is more than US$180 million. (March 28)



Photo: Embraer

A-29 Super Tucano light attack and advanced training turboprop.

FOREIGN POLICY

BRICS demand better representation at the IMF

Leaders of the world's most powerful emerging economies have threatened to withhold financing that the International Monetary Fund has requested to fight the European sovereign debt crisis unless they gain more voting power at the IMF. Shareholders agreed in 2010 to shift more IMF voting weight toward emerging nations. However, the U.S. has not yet passed enabling legislation.

Meeting in India, heads of state from Brazil, Russia, India, China, and South Africa said there was an urgent need for the IMF to "better reflect economic weights" and "enhance the voice and representation of emerging market and developing countries … The ongoing effort to increase the lending capacity of the IMF will only be successful if there is confidence that the entire membership of the institution is truly committed to implement the 2010 reform faithfully."

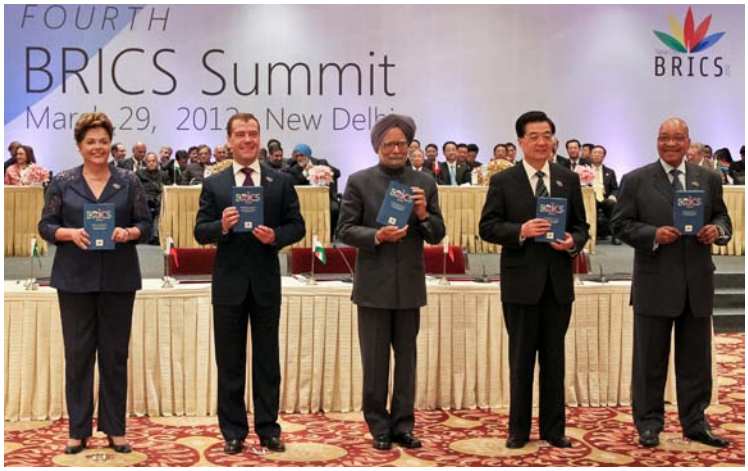

Photo: Roberto Stuckert/ABr.

Presidents Dilma Rousseff (Brazil) and Dmitri Medvedev (Russia), Prime Minister Manmohan Singh (India), and Presidents Hu Jintao (China) and Jacob Zuma (South Africa).

The BRICS leaders also criticized western countries for their handling of the global economy in the aftermath of the financial crisis. President Dilma Rousseff charged that western countries had caused a "monetary tsunami" by adopting aggressive expansionist policies that are undermining the competitiveness of emerging economies. (March 30)

ECONOMIC POLICY



Photo: Wilson Dias/ABr.

President Rousseff anounces new measures to support domestic industry.

Brazil extends tax on foreign borrowing

By presidential decree, Brazil extended the application of a 6% tax on foreign borrowing to debt with maturities of up to five years, rather than the two-year maturity limit that prevailed through February. The tax is charged when Brazilian companies issue bonds for foreign loans. The Rousseff government is concerned that foreign cash flows into domestic financial markets could force appreciation of the Brazilian currency, derail a feeble recovery, and further suppress industrial competitiveness. (March 12)

Brazil cuts taxes, boosts financing for industry

To aid industry the government has announced a stimulus package of US$35 billion (1.5% of GDP) that reduces payroll taxes and social contributions, increases funding for state development bank (BNDES) subsidized loans, and raises import taxes. Separately, Finance Minister Mantega pledged to take additional measures to stem currency appreciation. (April 3)

Largest February primary budget surplus posted

In February Brazil posted the largest primary budget surplus (excluding interest on public debt) since data collection began in 2001, a response to the government's efforts to rein in public spending and bring interest rates down. The consolidated primary budget surplus was R$9.5 billion (US$5.2 billion). In the 12 months through February, the primary surplus was equivalent to 3.3% of GDP, unchanged from January. (March 30)