

ECONOMY



Photo: Embraer

Embraer's Legacy 500 jet

Embraer's new business jet

Embraer's business midsize Legacy 500 jet made a successful first flight, marking the beginning of its test flight program. Deliveries of the first aircraft are expected in 2014. (November 27)

Doing business more difficult in Brazil

Brazil sank two places on the World Bank's 2013 Doing Business Report ranking, from 128th place for 2012 to 130th. (November 29)

Vehicle production and sales fell in November

Brazilian vehicle production fell 5.3% in November compared to October, to 301,700 units. From January to November, production is down 2.1% over the same period of 2011. Even with extension of the discount on the industrialized products tax on vehicles to the end of the year, moreover, sales

of new vehicles fell 8.7% compared to October, to 311,800 units. (December 7)

Inflation surprisingly high, up 0.6%

Brazil's inflation rose faster in November than previously due to higher transportation prices, which suggests that the central bank has little room to cut interest rates further. Brazil's official consumer price index rose 0.60% in November, government statistics agency IBGE said. Food, housing, and transportation items were the main drivers. (December 7)

Economy growth again anemic

Gross domestic product grew only 0.6% in the third quarter, government statistics agency IBGE said. The disappointing result feeds a likely 2012 growth rate of less than 1%. (December 8)

Retail trade increases in October

In October retail sales increased 0.8% by volume, according to IBGE. Sales volume grew 8.5% for January-October compared to the same period a year earlier. It was the fifth consecutive monthly increase. (December 13)

Industry more optimistic on 2013

Despite poor performance in 2012, the expectations of Brazilian industry in 2013 are better than those seen in late 2011 to 2012, according to the October-to-November Investment Manufacturing Industry Survey by the Getulio Vargas Foundation. Of the 936 companies surveyed between October 15 and November 30, 50% reported budgeting more investments for next year; only 15% planned fewer. Also, 71% predicted sales growth, and only 6% expect sales to decline. The survey also reveals, however, that hiring expectations for industry are less favorable for 2013: the share of companies planning to hire fell from 36% to 32%. (December 13)

POLITICS

Will Lula run again?

At a conference discussing the global economic crisis, the Forum for Social Progress, in

Paris, former president Luiz Inacio Lula da Silva denounced new allegations that he was involved in the *mensalão* corruption

scheme, criticized the press for double standards with regard to politicians—and hinted he would run again. (December 12).

INTERNATIONAL



Photo: Wilson Dias/Agência Brasil.

Brazil the largest foreign investor in Mozambique

Brazilian companies have rediscovered abundant natural wealth: With projects exceeding US\$770 million, Brazil this year became the largest foreign investor in Mozambique, surpassing Portugal. Vale do Rio Doce company is mining coal in Moatize, and the Camargo Corrêa company will install a hydroelectric dam on the Zambezi River; the Mphanda Nkuwa dam will be the second largest in Africa. Odebrecht is building Nacala international airport in Nampula. Agribusiness is becoming the newest front for Brazilian business: Mozambique has 36 million hectares of arable land, of which only 5 million are being cultivated. Brazilian farmers have submitted projects for a 10,000 ha concession, and agribusiness companies have pledged for 100,000 ha, according to the Brazil-Mozambique Chamber of Commerce, Industry and Agriculture. (December 11)

Presidents Donald Ramotar (Guyana), Evo Morales (Bolivia), Jose Mujica (Uruguay), Dilma Rousseff (Brazil), Christina Kirchner (Argentina), Rafael Correa (Ecuador), Dési Bouterse (Surinam), and Minister for Mines and Energy Rafael Darío Ramírez Carreño (Venezuela) at the Mercosur Summit in Brasilia, December 6–7.

Mercosur summit

Mercosur continues to expand: President Morales has signed up Bolivia as a full member, subject to ratification. President Correa has asked for more time— negotiations with Ecuador were less advanced. However, there

are still tariff issues that have not been resolved. Presidents Ramotar (Guyana) and Bouterse (Surinam) attended the summit as guests and have expressed interest in joining. Uruguay now takes over as chair for the next six months. (December 6-7)

ECONOMIC POLICY

New plan for ports announced

The Brazilian government plans to invest US\$26 billion in ports across the country and expand private participation in managing ports. Brazil's ports are among the slowest and most costly in the world due to poor infrastructure, high taxes, excessive red tape, and deficient road and rail access. It costs US\$200 on average to handle a single container in Brazil, compared to US\$110 in European ports like



Photo: Wilson Dias/Agência Brasil.

President Rousseff participates in the ceremony to launch the new plan for ports.

Rotterdam, Hamburg, and Antwerp and US\$75 in Asian ports. The government expects investments

in ports, roads, and railways to eventually reduce transportation costs by 20%. (December 6)