

POLITICS

**House approves proceedings to impeach President Rousseff**

On April 17 the lower house voted 367-137 well over the 342 votes needed, to move for the Senate to impeach the President. The Senate will determine whether Rousseff is put on trial and suspended with Vice President Michel Temer temporarily taking over. The vote is expected by the middle of May. The vote in the lower house sparked jubilation among many Brazilians, who hold Rousseff responsible for the devastating recession and connection with large corruption scheme at state-oil company, Petrobras. At the same time, numerous Brazilians were deeply upset, seeing the House vote as worryingly antidemocratic. (April 18)

**Vice President Temer also on the road to impeachment**

A Supreme Court judge has ordered Brazil’s Congress to start impeachment proceedings against Vice President Michel Temer for allegedly breaking budget laws, which deepens Brazil’s crisis of leadership. Justice Marco Aurelio Mello told the lower house to consider putting Temer on trial on charges he helped manipulate budget accounting as part of the Rousseff administration. Because Temer is next in line for the presidency, impeachment of him as well as Rousseff would open the possibility of a snap presidential election in October to end Brazil’s political impasse. Former presidential candidate Marina Silva has also proposed a snap election as a possible solution to the current situation. (April 6)

**Lula sworn-in amid challenges**

Leftist leader Luiz Inacio Lula da Silva was sworn in as President Dilma Rousseff’s chief of staff as protests against his appointment continued.

Photo: Antonio Cruz/Agencia Brasil.



House representatives celebrate approval of impeachment proceedings of President Dilma Rousseff.

Soon after he was sworn in, a federal judge issued an injunction to suspend the appointment on the grounds that it prevented “the free exercise of justice.” Prosecutors have charged Lula with money laundering and fraud as part of the sweeping Petrobras graft probe, and his ministerial appointment would give him immunity from prosecution by all but the Supreme Court. The government can appeal but the injunction could exacerbate tensions already running high between the executive and the judiciary. (March 18)

**Rousseff blasts the opposition**

Brazilian President Dilma Rousseff condemned the “fascist methods” of opponents seeking her ouster and said the country’s current political crisis would leave a “scar” if not resolved democratically. In an interview with foreign media groups, Rousseff said she was being pressured to resign because her rivals wanted “to avoid the

difficulty of removing from power—unduly, illegally, and criminally—a legitimately elected president.” (March 26)

**Brazil’s largest party leaves the governing coalition**

As expected Brazil’s largest party, the Brazilian Democratic Movement Party (PMDB) announced it was leaving the governing coalition and pulling its members from her government, a departure that raises the odds she could soon be impeached by the



Photo: José Cruz/Agencia Brasil.

President Dilma Rousseff (Workers’ Party, PT)

Senate. The PMDB leadership decided unanimously that its six ministers in the Cabinet and all other party members with government appointments must resign immediately. Although Rousseff remains in office, the break cripples her fight against impeachment, which could put Vice President Michel Temer, PMDB leader, in the presidential seat. (March 30)

**Supreme Court to take up Lula case**

The Supreme Federal Court (STF) has voted 8–2 to support Justice Teori Zavascki’s provisional decision to take the case of ex-President Lula out of the hands of Judge Sérgio Moro because it involves people with privileged jurisdiction. Zavascki, who is reporting judge for the Petrobras cases in the STF, stated that “well-intentioned but probable excesses in duty” could endanger the validity of the investigations. (April 1)

**Construction company alleges kickbacks to Rousseff campaigns**

Andrade Gutierrez, the second largest construction company in the country, made illegal donations to the campaigns of President Rousseff and Workers Party allies in 2010 and 2014 through over-billings for Petrobras projects and electricity. The information was documented as part of plea bargaining between the company’s former president, Otávio Marques de Azevedo, and the Attorney General. The plea bargain is awaiting Supreme Court approval. In 2014, Andrade Gutierrez donated US\$ 5 million to the Rousseff’s campaign committee. (April 7)

**ECONOMY**

**Record 2015 Petrobras losses**

State-owned oil company Petrobras ended 2015 with losses of US\$9.6 billion, compared to US\$5.9 billion in 2014, a sign of how hard it has been hit by the international plunge in oil prices. By yearend its total debts amounted to US\$136 billion, 40% more than the 2014 figure. (March 22)

**Unemployment soars to 9.5%**

The jobless rate in the three months through January was 9.5%, up from 6.8% for the same period a year ago; 9.6 million Brazilians were out of work. Average monthly wages dropped by 2.5%, from R\$1,988 to R\$1,939. (March 25)

**Trade balance a pleasant surprise**

Brazil posted a trade surplus of US\$4.4

billion in March, the largest surplus for that month in 27 years and above market estimates of a surplus of \$3.9 billion. Imports totaled US\$11.6 billion and exports US\$16.0 billion, the Trade Ministry reported. (April 1)

**Inflation slows to single digits**

Brazil’s annual inflation rate slowed in March to less than 10% a year, the lowest in nine months, The official index of consumer prices rose 9.4% in the 12 months through March, down from 10.4% the previous month, statistics agency IBGE said. Lower energy rates and mobile phone bills helped offset another steep increase in food prices. Inflation is still well above the government’s inflation target ceiling of 6.5%. (April 8)

**ECONOMIC POLICY**

**Government expects the 2016 fiscal deficit to hit US\$27 billion**

The federal government has abandoned its promise to cap spending and acknowledged the possibility of a yearend primary deficit (excluding interest payments) of US\$27 billion, equal to 1.55% of GDP. The fiscal outlook may even worsen if Congress does not restore the tax on financial transactions, the CPMF tax. The government is counting on making

the CPMF tax effective in September to build reserves by US\$2.5 billion. “It’s an elevated deficit, no one is comfortable, but it reflects an economy that faces another year of retraction. That is causing a reduction in revenue that is compromising the fiscal goal,” said Finance Minister Nelson Barbosa. He implied that, if the CPMF tax is not approved, other taxes would have to be raised to meet the current goal. (March 24)



Photo: Eliza Fiuzza/Agência Brasil.

Finance Minister Nelson Barbosa