



**DILMA ROUSSEFF INAUGURATION AND CABINET LINEUP:** Workers' Party (PT) leader and former presidential adviser **Dilma Rousseff** was sworn in as Brazil's first woman president Saturday. She was elected in October, with 56% of the vote, to replace her mentor, Luiz Inácio Lula da Silva. Lula was barred by the Constitution from seeking a third consecutive four-year term. In two separate inaugural addresses, one to Congress and one outdoors to the general public, Rousseff praised her predecessor, saying her mission will be to reach Lula's oft-stated goal of eradicating extreme poverty in Brazil. "Our purpose will be to transform Brazil into a country of solid, productive middle class citizens," she said. She praised Lula frequently in both speeches, calling him "the greatest popular leader in the history of our country," but made it clear she intends to take firm control of her incoming administration. "Lula will be there for us when we need him," she said, but adding that his role will be an advisory one and, even then, only under "special circumstances." She gave repeated emphasis to combating corruption, saying "no misdeeds, influence or graft will be tolerated." She pledged to tighten the government safety net of social programs, especially in the area of health care. In unexpected comments, she touched upon Brazil's military dictatorship and her role as a leftist revolutionary combating it. Rousseff was imprisoned for three years in the early 1970s under the country's National Security Law. She said, "I have no regrets about what I did during that period and I have no rancor about what happened to me." Rousseff begins a four-year term assisted by Vice President **Michel Temer**, 70, a veteran congressman and long-time chairman of the powerful Brazilian Democratic Movement (PMDB). The PMDB is Brazil's largest political party and is the PT's main coalition partner in the Rousseff administration. Rousseff will also have the aid of 34 civilian Cabinet members, many of them holdovers from the Lula administration. Brief profiles of the Cabinet members follow:

- **Finance Minister Guido Mantega.** A long-time PT policy researcher, Mantega holds an economics doctorate from the University of São Paulo. At age 61, he is already a veteran of major government posts. He served as Planning Minister and then as President of the National Development Bank (BNDES) before his appointment as Finance Minister by President Lula in 2006. He is widely credited with the skillful policies that guided Brazil through the 2008-09 international credit crisis with little damage to the nation's economy or institutions.
- **Planning Minister Miriam Belchior.** A former University of São Paulo business professor, Belchior, age 54, served in senior staff positions during the Lula Administration, including a post supervising the signature Accelerated Growth Program (PAC).
- **Central Bank President Alexandre Tombini.** At 47, Tombini is among the younger cohort of Rousseff's Cabinet appointments. He holds an economics PhD from the University of Illinois and is a career civil servant. As a Central Bank economist in 1999, Tombini helped formulate Brazil's Inflation-Targeting Program, which ties interest rate moves to inflation. Later, he served a stint as an International Monetary Fund economist.
- **Foreign Minister Antonio Patriota.** At 56, the aptly named Patriota is a veteran Foreign Service member. In the 1970s, he graduated first in his class at the Rio Branco Institute, training ground for Brazilian diplomats. Later, he went on to win a graduate degree in philosophy from the University of Geneva. More recently, he served as

Ambassador to the United States and then as Secretary-general to the Foreign Ministry under Celso Amorim.

- **Defense Minister Nelson Jobim.** A long-time PMDB leader and congressman from Rio Grande do Sul, Jobim, 64, has one of the longest resumes in Brazilian politics. Previous jobs include Minister of Justice and Chief Justice of the Brazilian Supreme Court. A former law professor, he brings scholarly weight and considerable political clout to the Defense Ministry, where he has served since 2006.
- **Presidential Chief-of-Staff Antonio Palocci.** At 50, Palocci brings long political experience to his new role as President Rousseff's chief policy adviser. A medical doctor and public health official in Ribeirao Preto, São Paulo, Palocci has served as mayor, congressman, PT campaign manager and Finance Minister. He briefly retired from the political scene in 2006 over allegations of bank account tampering. The allegations were later dropped.
- **Presidential Aide Gilberto Carvalho.** Formerly personal secretary to President Lula, Carvalho, age 59, will assume various management and advisory duties in the president's office. He will be in charge of appointments, schedules, personnel and other administrative matters. A long-time PT campaign manager, he holds a philosophy degree from the Federal University of Parana and once studied for the Roman Catholic priesthood.
- **Women's Rights Advisor Iriny Lopes.** A PT congresswoman from Espirito Santo, Lopes, 54, is a long-time party organizer, labor and women's rights advocate.
- **Social Communications Minister Helena Chagas.** Essentially, Chagas will head the president's communications office, in charge of press relations and the federal government's advertising budget. At 49, Chagas is a professional journalist with a degree from the University of Brasília and no partisan affiliation. She is a former TV Globo executive and is the daughter of noted journalist Carlos Chagas, who served as presidential spokesman in the late 1960s.
- **Human Rights Advisor Maria do Rosario.** At 44, the Rio Grande do Sul teacher and PT congresswoman is one of the new administration's youngest Cabinet members. She holds a teaching degree from the Federal University of Rio Grande do Sul.
- **Racial Equality Advisor Luiza Helena Bairros.** At 57, Bairros is a veteran civil rights advocate and academic. She holds a sociology degree from Michigan State University and is a former professor at the University of Bahia. She once worked as a United Nations researcher and is a long-time PT organizer in Bahia, one of Brazil's most racially diverse states.
- **Strategic Affairs Advisor Wellington Moreira Franco.** At 66, Moreira Franco is one of the new president's oldest advisors. He holds a sociology PhD from the Sorbonne in Paris and is a retired university professor and congressman. A powerful figure in the PMDB, he served as Governor of Rio de Janeiro in the 1980s. In the president's office, Moreira Franco will be responsible for outlining policies designed to promote growth and social equality over the course of the next two decades.
- **Institutional Relations Advisor Luiz Sergio Nobrega de Oliveira.** A PT congressman and former union leader from Rio de Janeiro, Oliveira, 52, will be responsible for pushing the president's legislative program in Congress.
- **Cultural Affairs Minister Ana de Hollanda.** Actress and musician Ana de Hollanda, 62, is the sister of noted song writer and singer Chico Buarque de Hollanda. Their father, Sergio Buarque de Hollanda, was a co-founder of the PT and one of Brazil's leading post-war intellectuals. The new minister has no formal party affiliation, however. She has served in a number of municipal and state posts associated with cultural development in São Paulo.

- **Justice Minister Jose Eduardo Cardozo.** A veteran PT congressman, Cardozo, 51, is a former law professor at the Catholic University of São Paulo. He was one of the coordinators of President Rousseff's 2010 campaign.
- **Social Development Minister Tereza Campello.** This key ministry, in charge of the government's signature Family Assistance Program, will be headed by PT organizer and government aide Tereza Campello, 48. Originally from Minas Gerais, where she earned an economics degree from the University of Uberlândia, Campello made her career as a social worker in Rio Grande do Sul. Later, she served as an aide to Rousseff when the future president headed the Casa Civil under Lula.
- **Minister of Ports Leonidas Cristano.** A University of Ceara engineer, Leonidas Cristano, 53, is one of two Socialist Party (PSB) Cabinet members. A long-time congressman, he has also served as a state government official and as mayor of the city of Sobral in Ceara.
- **Agrarian Reform Minister Alfonso Florence.** A PT congressman from Bahia, Alfonso Florence, 49, holds undergraduate and graduate degrees in history from the Federal University of Bahia. A former university professor, he served in state government posts before his election to congress.
- **Communications Minister Paulo Bernardo.** A long-time Banco do Brasil employee and union organizer, Bernardo served as a PT member of Congress until 2003, when he was tapped by President Lula to become Planning Minister. He served for eight full years in the post, helping reduce Brazil's public sector debt-to-GDP ratio from 50% to 40%. Bernardo, 58, hails from the southern state of Parana.
- **Agriculture Minister Wagner Rossi.** President Rousseff re-appointed Rossi to the Agriculture Ministry based on his familiarity with the subject matter. He has both an academic and a practical background in farming and agribusiness. Rossi, 67, holds a PhD in business administration from Bowling Green University in Ohio. He is also a lawyer and a former farm and agribusiness owner from the state of São Paulo. In the 1990s, he was elected to Congress representing the PMDB. During the Lula Administration he served in a number of key Agriculture Ministry posts, becoming Minister in 2009.
- **Transportation Minister Alfredo Nascimento.** Nascimento, 58, is the lone Cabinet representative of the Republican Party (PR). But he is politically well connected as a former mayor of Manaus and as Senator-elect from Amazonas state. He holds degrees in both literature and mathematics from the Federal University of Amazonas. He previously served as Transportation Ministry under Lula.
- **Minister of Fishing Ideli Salvatti.** A PT Senator from the southern state of Santa Catarina, Salvatti, 58, holds a physics degree from the Federal University of Parana. A former teacher, she rose to prominence in the PT as a union leader.
- **Social Security Minister Garibaldi Alves.** A PMDB political heavyweight from the Northeast state of Rio Grande do Norte, Alves, at 63, has held state and federal offices for four decades. Trained as a lawyer at the Federal University of Rio Grande do Norte, he once served a term as Senate President.
- **Energy Minister Edison Lobão.** Lobão, 74, is another PMDB heavyweight, this time from the Northeast state of Maranhao. He previously served as Energy Minister under Lula. His long resume includes stints as a lawyer, a journalist and a telephone executive. He earned his law degree from the Brasília Law Center (CEUB). In 2010, he was re-elected to the Senate from Maranhao.
- **Tourism Minister Pedro Novais.** At 80, Novais is the oldest member of President Rousseff's Cabinet. A six-term PMDB congressman from Maranhao, Novais holds a

law degree from the University of Espirito Santo. He is also a career civil servant, with years of experience as an inspector in the Brazilian Tax Authority.

- **Trade and Development Minister Fernando Pimentel.** A former PT Mayor of Belo Horizonte, Pimentel, 59, served as a close advisor to Rousseff during the presidential campaign. A former university professor, he holds economics degrees from both the Catholic University of Minas Gerais and the Federal University of Minas Gerais.
- **Science and Technology Minister Aloizio Mercadante.** A University of São Paulo economist, Mercadante was a long-time PT congressman and senator from Brazil's largest state until losing the state governorship to the PSDB in 2010. A former university professor, Mercadante, 56, was one of the founders of the PT in 1980.
- **Urban Affairs Minister Mario Negromonte.** A congressman from Bahia, Negromonte is the only Progressive Party (PP) representative in the Cabinet. Aged 60, Negromonte holds a law degree from the prestigious Olinda Law School in Pernambuco, one of Brazil's oldest educational institutions.
- **Labor Minister Carlos Lupi.** President Rousseff re-appointed Lupi to the key post. A former congressman, Lupi, 53, is National Chairman of the Democratic Labor Party (PDT). He holds a business administration degree from the Federal University of Rio de Janeiro.
- **Environmental Affairs Minister Izabella Teixeira.** One of the few line ministers without a formal political affiliation, Teixeira was re-appointed to the post based on her expertise. Age 59, she holds a PhD in environmental studies from the Federal University of Rio de Janeiro and has served in a number of environmental protection jobs in state and federal government agencies.
- **Education Minister Fernando Haddad.** At 47, Haddad is one of the youngest Cabinet members. A former college administrator, he was originally appointed Education Minister by President Lula. Haddad holds a philosophy PhD from the University of São Paulo. Although a long-time PT organizer and policy researcher, he has never held elective office.
- **Sports Minister Orlando Silva.** Silva, 39, is another holdover from the Lula Administration. He is the sole Cabinet representative of Brazil's Communist Party (PC do B). He holds a law degree from the University of Bahia.
- **Health Minister Alexandre Padilha.** President Rousseff decided to shift Padilha from his old job as Institutional Affairs Minister to the Health Ministry because of his expertise and political clout. At 39, Padilha is the youngest Cabinet member but his resume goes all the way back to 1989 as a PT campaign organizer. A medical doctor from São Paulo, he served in various federal government positions in the Lula Administration.
- **National Integration Minister Fernando Bezerra Coelho.** Coelho, 53, is the other Socialist Party representative in the Cabinet. He holds a business administration degree from the Getulio Vargas Foundation. Before serving as Pernambuco State Economic Development Secretary, he was mayor of Petrolina.

**Credit continues expansion in November, to hit 47% of GDP in 2010.** Credit availability continued its expansion in November, despite recent government decisions to tighten credit limits and hike reserve requirements for banks. Total credit rose 18.6% in November from the same month in 2009 to R\$1.678 trillion, the Central Bank said. Total credit was equal to 46.3% of GDP and will likely rise to 47% of GDP in December. The Central Bank is forecasting continued growth in credit in 2011 but at a more modest pace of about 15%, with total credit reaching 50% of GDP by the end of the year. Average interest rates for individuals fell slightly in November to 39.1% from 40.4% in October. Average rates for businesses fell to 28.6% from

28.7% in October. The arrears rate fell to a nine-year low of 5.8%. The rate was 5.9% in October and 8.0% in November of 2009.

**Petrobras re-names Tupi oil site Lula, proclaims region commercially viable.** The offshore oil site once known as Tupi is commercially viable and contains some 8.3 billion barrels of crude oil, state-owned energy giant Petrobras said last week. Simultaneously, the company renamed the site Lula, in honor of outgoing Brazilian President Luiz Inácio Lula da Silva. The site is controlled by Petrobras, with Portuguese oil company Galp as a minority stakeholder. The companies will drill four more wells at the site in 2011. It currently produces 15,000 barrels of oil per day and is likely to rise to 100,000 by 2012, hitting full capacity of 180,000 barrels by 2014.

**Primary budget surplus continues to lag behind goal as November figures released.** Brazil's public sector managed a 12-month primary budget surplus as of November equal to only 2.51% of gross domestic product, once again lagging behind the government's goal of 3.1% for 2010. The November monthly surplus was R\$4.2 billion, contributing to a 12-month surplus of R\$91 billion. However, primary figures do not include debt service payments. With such payments included, Brazil ran a 12-month nominal deficit of \$99.2 billion. According to most economists, Brazil's government is unlikely to meet the 3.1% primary surplus goal for 2010, making budget cuts necessary in 2011.

**Investment News:** Denmark's **Maersk Energy** last week announced the purchase of three offshore oil stakes in Brazil from Korean company **SK Energy**. Maersk will pay \$2.4 billion for the minority stakes in three offshore blocks.

**Company News:** The **Portugal Telecom** group last week announced it was selling its 29% stake in UOL, Brazil's biggest Internet provider, to investors associated with retail products manufacturer Hypermarchas. The companies did not disclose financial details of the deal. However, financial analysts said Portugal Telecom sold the stake for the equivalent of about \$350 million. UOL is controlled by the Folha communications group.

**Indicators:** Brazilian **electric power consumption** rose 4% in November from the previous month and 8.1% from November of 2009, the government's Energy Research Corp. (EPE) said last week. Energy consumption reached 35,378 gigawatt/hours in November, led by a 6.2% rise in demand from the industrial sector of the economy. \*\*\* National **crude oil production** reached a monthly record of 2.089 million barrels per day in November on increasing offshore production as new platforms came on stream and others completed routine maintenance schedules. Output was up 5.2% from November of 2009 and 4.6% from October. State-run energy giant Petrobras was once again the leader, accounting for 91.2% of production.

**Other News:** Brazil's holiday season could prove a winner for retailers. Preliminary figures showed a 13% rise in retail sales during the 2010 **Christmas season** over 2009, according to the National Retailers Association. Rising job opportunities, higher salaries and abundant credit contributed to the rise in sales. \*\*\* Brazil's **Foreign Trade Council** (Camex) last week ordered a hike in tariffs on 14 different categories of toys to 35% from the previous 20%. The council said the frank purpose of the tariff hike was to combat "excessive imports" from China. The decision came after a petition by the Brazilian Toy Manufacturers Association (Abrinq). Some 90% of Brazilian toy imports come from China. \*\*\* In one of his last acts as President, Lula last week signed a decree setting the **minimum salary** for 2011 at R\$540 per month. The hike is a little less than 6% and follows the advice of outgoing Planning Minister Paulo

Bernardo, who warned that any figure above R\$540 would tend to generate both inflation and deficits. Congressional leaders had been pushing for a hike to R\$580 per month.

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**Brazilian Calendar for Week of January 3:**

- **Monday, January 3** - Trade and Development Ministry release of annual foreign trade figures, Brasília
- **Monday, January 3** - BRIC Countries Intellectual Property Forum, Hotel Intercontinental, Rio de Janeiro
- **Wednesday, January 5** - Brazilian Census Bureau (IBGE) release of monthly industrial production figures for November, Rio de Janeiro
- **Friday, January 7** - Brazilian Census Bureau (IBGE) release of 2010 IPCA inflation figures, Rio de Janeiro

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**R\$1.67 = \$1.00**

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