

The Week in Review

ON THE ECONOMIC FRONT

CAMEX Board: On Thursday, the Foreign Trade Board (CAMEX) approved Brazil's proposal to a commercial agreement with the European Union. The proposal encompasses between 85 and 90% of the commercial agenda between the two blocks. It must now be debated among other Mercosur member countries in a meeting scheduled for the 15 and 16th of October. As it concerns retaliations for the U.S.' decision to suspend payments for the cotton dispute, CAMEX has established a Working Group to decide, until November 30, what measures will be taken.

Foreign Trade: CAMEX launched the Brazilian Information Service of Foreign Trade, so-called Comex-Responde aiming to answer frequent doubts on rules, statistics of imports and exports, trade agreements, trade opportunities, intellectual property, logistics and transportation, among others topics related to foreign trade.

Business Environment: The Global Dynamism Index (GDI) 2013, released by Grant Thornton, showed that Brazil had the worst drop among BRICS country in the ranking of best environment's for business. The country holds the 42nd position – a drop of 11 positions--whereas China is the 3rd. Australia ranks as best environment for business. Brazil's performance was better in the financial environment category and worse in "economy and growth" and "work and human capital". Brazil is ahead of Russia (43rd) and India (48th).

Investment Grade: The global ratings risk agency Moody's reduced the perception of Brazil's sovereign debt from positive to stable. The rate was kept at Baa2. The decision was due to the downgrading of the country's debt in relation to GDP, as well as lower investment rates. The agency classifies Baa1, Baa2 and Baa3 as investment rates with medium quality. Alexandre Tombini, President of the Central Bank, highlighted that Brazil's rate was kept – not reduced--by the agency.

ON THE POLITICAL FRONT

Paraguay's President in Brazil: Horacio Cartes, recently elected President of Paraguay, held his first state visit on Monday to Brazil. President Rousseff stressed that Paraguay's suspension of Mercosur have not affected the bilateral relation. The country was suspended from the block for almost one year due to the considered undemocratic way of destitution of the impeached President Fernando Lugo. Despite the suspension having ended with Cartes' elections, Paraguay has not yet officially returned to Mercosur.

Ministry of National Integration: As the PSB party of presidential contender Eduardo Campos decided to give up the posts it holds in the Administration, Fernando Bezerra, minister of National Integration, resigned on Tuesday and will be temporarily replaced by the engineer and Secretary of Water Infrastructure, Francisco Teixeira. The Secretariat of Ports Leonidas Cristino also resigned on Thursday. Cristino is close to the governor of the state of Ceara and one of the founders of the newest party, PROS.

Olympic Public Authority: President Rousseff nominated for the Senate's appreciation the name of the general Fernando Azevedo as President of the Olympic Public Authority—an inter-federative consortium responsible for the execution of the Games infrastructure works. Currently, he occupies the position of Director of Military Sports at the Ministry of Defense and is member of the National Council of Sports. He held important positions during the 5th Military World Games in 2011 in Rio de Janeiro.

Sustainability Network: The Superior Electoral Court (TSE) decided against the creation of the party of former Environment Minister Marina Silva, the Sustainability Network. The Electoral Public Prosecution had already positioned against the concession of the party's register because it did not achieve the minimum number of 492.000 signatures required. Ms. Silva affirms that it has 550.000 valid signatures but the Court stated that the Sustainability Network was missing over 50.000 signatures. The almost-candidate lagged second in most electoral polls for next years' presidential election with over 25% of the votes.

Indigenous Claims: During the National Mobilization Indigenous Week, indigenous people performed manifestations in Brasília against bills that change the rules on indigenous land demarcation. Their representatives held meetings with to avoid the approval of Constitutional Amendment Bill 215/2000 which transfers the land demarcation responsibility from the Executive Branch to the Congress. The bill awaits the installation of a special commission to examine its merits. The issue is controversial as the rural caucus pressures in favor of the bill.



Government

Internet Framework

The deadline for the introduction of amendments to the new internet legal framework (*Marco Civil da Internet*) ended last Friday, September 26. A total of 34 amendments were introduced. Some of the amendments introduced include:

- » Amendments 1/6/14/15/16/32 – Determines that companies offering content be housed in Brazil and obey the local legislation;
- » Amendments 8/30 – Mandates that application providers store access registries for 12 months;
- » Amendment 9 – Proposes that content providers only remove content via judicial orders, including those related to copyrights;
- » Amendment 10 – Proposes that copyrights are among the guiding principles of the internet;
- » Amendment 19 – Includes among the principles of the internet the notion of copyrights requiring the author's authorization for the preservation and authorization of the work;
- » Amendments 23/33 – Allows for internet plans based on data consumption.

Amendments can still be introduced to the bill, up until its final vote, as long as signed by 1/5 of the members of the House. Starting on October 28, if not voted, the bill will block the vote of any other matters.

Cold Drinks

The President has maintained, starting January 1, 2014, the rate of PIS/PASEP, COFINS and Import taxes for cold drinks including water, malt beer, non-alcoholic beer, refreshment, isotonic and energy drinks. Decree 8115/13 was published on Tuesday.

Party Switching

One year away from the 2014 general elections numerous politicians have begun switching parties. The reason behind the high volume of movements right now is that October 5, 2013 is the deadline for candidates to switch party. Any politician deciding to run for any office next year must be enrolled at a party by that date. Also, October 5 is also the deadline for candidates to change their location of official residence and for the creation of any new party. With the date approaching, it is already known that for 2014, candidates from 32 political parties will be able to run for office.

Airport Concessions

In a difficult meeting, the Federal Accounts Tribunal (TCU) maintained the current 15% limit for the participation of companies already participating in the concession of privatized airports in the bids of Galeao (RJ) and Confins (MG). That decision forbids four operators – Invepar, Inframerica, UTC and Triunfo – from bidding in the two new auctions.

On another note, the government has demonstrated a conciliatory move by expanding the deadline for future port bids and the investment of public money in four road stretches in order to decrease user prices. The government's move was seen as necessary by the private sector for the success of the bids. . Furthermore, the chief of staff, Gleisi Hoffman, announced the next stretch of road to be put to public auction will be BR-060 which connects the capital Brasilia to Goiania. Hofman stated that the RFP should be published soon.

Finally, also on public and private partnerships, the mayor of Sao Paulo announced that the city will transfer electricity services to a private company. The mayor Fernando Haddad's idea is to grant to private initiative the operation of modernizing, maintaining and expanding Sao Paulo's electrical grid for the next 20 years, totaling about BRL\$7 billion in investment. Calling for companies to develop studies should begin next week and the intention is to have the winning company begin services by the second half of 2014.

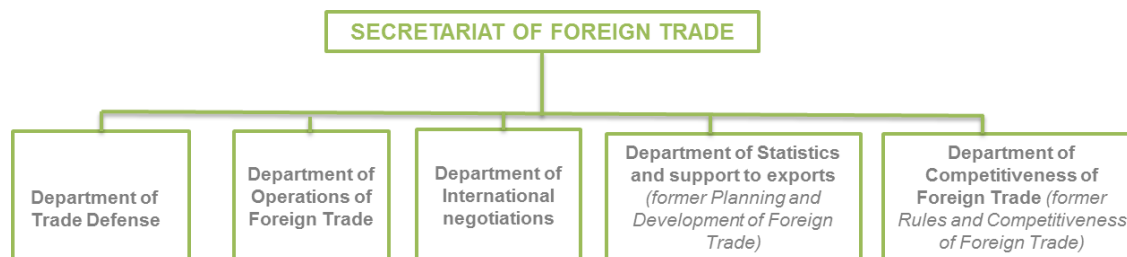
Trade

Antidumping

Decree 8058/13 strengthening Brazil's unfair trade defense entered into force on Tuesday. Among other things, the Decree reduced from 240 to 120 days the preliminary determination on dumping from 15 to 10 months the investigation period. Its intention was also to improve the Foreign Trade Secretariat's capacity to investigate. For that, the Secretariat announced its new organization with five departments and numerous coordinating bodies.



The new structure houses a General Coordination responsible for antidumping and anti-circumvention issues under the Department of Trade Defense. The Department of International Negotiations has two new coordinating bodies on Multilateral Issues and on Regimes of Origin. The Department of Operations of Foreign Trade has also two new coordinating bodies of Imports and of Exports and Drawback. The directors of the Departments remained the same.



Trade Tool

The Foreign Trade Board (CAMEX) published Resolution 78/13 establishing an online information sharing tool for Brazilian foreign trade. The tool will publish information on taxes, credits and exports support, logistics, and others. The Ministry of Development, Industry and Commerce and Foreign Relations will define the access address.

Environment

Genetic Heritage

The Senate Committee on Science and Technology approved the report on bill 133/13 which simplifies the access to genetic asset components and to traditional knowledge. The rapporteur, Sen. Aloysio Ferreira (PSDB), considers that the bill will reduce transaction costs accrued from complex contracts simultaneously preserving the rights of local communities. Among other issues, the bill removes the obligation of a previous signature of the Contract of Use of Genetic Asset and Benefit Sharing (CURB). The bill needs to be approved by the Environment, Consumer and Oversight Committee and does not need to be voted on the Floor.

Health

Open Position

Elano Rodrigues Figueiredo, Director of Management of the National Agency for Supplementary Health Services (ANS), resigned on Thursday. The decision followed a recommendation of the Ethics Commission of the Presidency. Figueiredo omitted his former position as a lawyer for health plan operators both in his resume and at the Senate hearing that approved his nomination. His nomination was approved very recently and Figueiredo took office on August 2.

Energy

New Director

Waldyr Barroso was officially appointed as a Director of the National Agency of Oil, Natural Gas and Biofuels (ANP). He is a technical professional and was in charge of the Superintendence of Refining and Processing of Natural Gas.



The Pulse

25 years of Brazil's Federal Constitution

Brazil's Federal Constitution was promulgated in 1988 resulting from the re-democratization process of the country. It is an analytical type of Constitution describing in detail all the rules, rights and guarantees of Brazilians. It is along and comprehensive text with 250 articles. Of those, there are still 112 provisions lacking further regulation.

The young Constitution has already received 74 amendments, despite the rigid process for the approval of changes. Constitutional amendments bills require a three-fifth of members approval in two rounds of voting in the Senate and the House of Representatives. Most of the amendments concerned economic issues, especially tax collection, budget and union monopoly on economic activity (to allow privatization of some state companies, such as on telecommunication sector). Of all the 74 amendments, approximately one third was written by the Executive Branch. Under President Rousseff, the Constitution received fewer amendments than with previous presidents—only 7 in three years of Administration.

As the President of the Supreme Court Joaquim Barbosa said during a commemorative event, the most important contribution is that the “Constitution brought institutional stability to Brazil. It is the longer period of political stability. More than that, stability with ample democracy.”

	Brazil	United States
Constitutions	7	1
Date	1988	1787
Age	25 years	226 years
Articles	250	7
Amendments	74	26
Last change	August 6, 2013	1971
Quorum required for changes	3/5 of the Congress' members	3/4 of the States
Content of the amendments	Judiciary issues (2) Electoral issues (4) Social rights (9) Administrative issues (20) Economic issues (39)	Bill of Rights (10) Electoral issues (11) Social rights (3) Taxation (1) Sovereignty (1)

