

# The Week in Review

## ON THE ECONOMIC FRONT

**Budget:** The Minister of Finance Guido Mantega announced an additional cut of BRL\$10 billion in this year's budget in an effort to ensure fiscal responsibility. This year's goal for the primary surplus is 2.3% of the GDP or BRL\$110.9 billion. *Folha de São Paulo* reported that Otaviano Canuto, World Bank Senior Advisor for the BRICs, who met with BUSBC Trade & Regulation Task Force recently, is being considered to replace Mantega.

Because of the Congressional recess, the *Policy Monitor* will be published in a reduced version until the week of August 5-9<sup>th</sup>.

**Unemployment:** The Brazilian Statistics Institute (IBGE) reported that unemployment in June reached 6%, a 0.2% increase since May.

**Health Plans:** In the largest adjustment since 2005, the Supplementary Health Agency (ANS) has allowed health plans to raise tariffs on plans acquired after 1999 by 9.04%. This will affect 8.4 million users.

**Tax Exemptions:** President Rousseff signed portions of Provisional Measure (MP) 610/13 extending the Special Taxation Program for Exporters (REINTEGRA) until December 31, 2013. The Reintegra Program allows exporters to be reimbursed for tributary residues in their production supply chain. Originally, the program was set to function until December 2014. The President also vetoed portions of the MP.

**Consumer Confidence:** *Fundação Getúlio Vargas'* (FGV) Consumer Confidence Index (ICC) has dropped 4.1% between June and July to its lowest level since 2009. Growing inflation and street protests have increased the pessimism of Brazilians.

**Oil Bidding Rounds:** The Ministry of Mines and Energy (MME) published [Ordinance 161/13](#) creating a special commission to develop the text of the bid for the first round of bidding of oil and gas blocks in the production-sharing regime.

## ON THE POLITICAL FRONT

**"Lei do Bem":** The deadline for companies benefiting from "*Lei do Bem*" to report advancements to the Ministry of Science, Technology, and Innovation (MCTI) ends next Wednesday, July 31st. Law [11.196/05](#) provides tax incentives for companies conducting technology innovation research and development. In order to be eligible for the benefits, companies must report their R&D activities annually to the Ministry through an [electronic form](#).

**Internet Legal Framework:** A public hearing to debate the new internet legal framework (*Marco Civil da Internet*) was scheduled for August 7th at 9:30 a.m. in the House of Representatives. Congressman Alessandro Molon, author of the bill, and João Rezende, President of the Regulatory Agency of Telecommunications (ANATEL), are among the invitees. Earlier in the week, president of Google Brazil Fabio Coelho met with the Minister of Telecommunications Paulo Bernardo to debate the installment of a data center in Brazil which would house data information of Brazilian users.

**Approval Rating:** In line with previous polls, the latest IBOPE-CNI poll confirmed a drop in President Rousseff's approval rating from 55% to 31% between June and July of this year. Her performance is considered worst in health, public safety, and education, whereas housing, the fight against hunger, and professional training are the areas where she is best ranked. State Governors also suffered considerable drops in popularity following protests, most notably in the states of São Paulo and Rio de Janeiro. On the other hand, the Governor of Pernambuco and possible presidential contender, Eduardo Campos, is the most liked Governor with a 76% approval rating.

**Extinction of FGTS:** President Rousseff vetoed the full content of [Bill 200/12](#) which terminates the mandatory 10% additional Guarantee Fund (FGTS) payments to employees fired without just cause. According to the President, the elimination of the payment would negatively impact investments in social programs, such as *Minha Casa, Minha Vida*. Congress has 30 days to decide whether to keep or override the President's veto.

**Mission to U.S.:** Following Vice-President Joe Biden's call to President Rousseff to apologize and address revelations of U.S. spying activities in Brazil, the two countries agreed that Brazil will send two missions to the U.S. to better understand and analyze investigation practices of the N.S.A. The first mission will debate technical issues while the second will address political issues.

