

DELEGATION OF THE EUROPEAN UNION TO BRAZIL

Author: Art. 4(1)(b)

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Classification:
UNCLASSIFIED

To: EDITA HRDA, Managing Director Americas, EEAS

Subject: BRAZIL – Weekly report: 13 November – 19 November

Summary:

1. President-elect Jair Bolsonaro (PSL) announces new cabinet members. Nominees include: Enersto Fraga Araújo as Foreign Minister and army general Fernando Azevedo as Defence Minister; Roberto Campos Neto as the new head of the Central Bank (BC) and Joaquim Levy as the president of the Brazilian Development Bank (BNDES). Roberto Castello Branco will also be appointed as CEO of Petrobras.

Out of scope

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6. The trade dispute between the United States and China has raised Brazil' commodities exports to the Asian country.

Out of scope

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Detail:

Government transition:

1. Jair Bolsonaro (PSL) announced new members of his cabinet: Ambassador Ernesto Fraga Araújo and army general Fernando Azevedo will take office as Foreign and Defence Ministers respectively. Roberto Campos Neto and Joaquim Levy, Finance Minister under former President Dilma Rousseff's mandate, will head the Central Bank (BC) and country's development bank (BNDES). The president-elect stated that the Labour Ministry, despite being incorporated by another department, will not lose its ministerial status. He also said it is improbable that the Social Security reform bill gets voted in the Congress this year and

stated that federal deputy Luiz Henrique Mandetta (Dem-MS) is being considered to head the Ministry of Health. On 14 November, Bolsonaro held a meeting with elected governors to discuss, among other topics, public security and health and the states' financial debt.

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Art. 4 (1)(a) 3rd indent

[Redacted] (c) Roberto Castello Branco, who has wide experience in both the public and private sectors, will be appointed CEO of PETROBRAS under the new administration.

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Economic developments

6. In comparison to the first 10 months of 2017, Chinese import of Brazilian products increased from 22.5% to 26.8% in 2018: Almost half (47.7% or US 47.3 billion) of the Brazilian basic products (e.g. grains, meat and iron ore) were shipped to the Asian country in 2018, an increase of 6.1% in relation to the same period in 2017. According to specialists, the growth is a result not only of rising demand in China and rising commodity prices, but also of China's trade retaliation to the US. Since 2001, commodity exports were not so concentrated in a single destination. In that year, the European Union accounted for 50.6% of Brazilian commodity sales (US 13.2 billion for the period). In 2018, commodities already represent US 99.2 billion in sales from January to October.

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