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FEATURED Q&A

Is Temer's Government Now on Firmer Ground?



Brazilian President Michel Temer last week survived a vote that could have led to his suspension from office and a corruption trial against him. // File Photo: Brazilian Government.

Q President Michel Temer on Aug. 2 survived a key vote in the lower house of Brazil's Congress that could have resulted in a corruption trial against him and his suspension from office. Legislators who sided with Temer said the country could not withstand continued political turmoil. To what can Temer attribute his support in the vote, and what does that backing mean for him and his agenda as he continues his term in office? What does the vote mean for Brazil's efforts to rein in corruption and impunity? Despite his victory in the Chamber of Deputies, what political dangers do Temer and his government still face?

A Melvyn Levitsky, professor of international policy and practice at the University of Michigan's Gerald R. Ford School of Public Policy and former U.S. ambassador to Brazil: "There are several reasons for Temer's most recent escape from what seem like credible charges of corruption. First of all, given the number of federal deputies charged with corruption, voting in favor of allowing the Brazilian Supreme Court to pursue charges against the president would not only be the pot calling the kettle black, but would also give momentum to Prosecutor General Rodrigo Janot's efforts to charge and convict those same federal deputies. Second, a favorable vote would have meant that Temer would have had to step down temporarily and that Rodrigo Maia, president of the Chamber of Deputies, and himself under investigation on corruption allegations, would have become acting president of Brazil. Third, according to the watchdog organization Contas

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TODAY'S NEWS

POLITICAL

Venezuela's New Assembly Declares Itself Superior

Venezuela's powerful new constituent assembly declared itself superior to all other branches of the country's government. Meantime, foreign ministers meeting in Lima denounced the new super-body as "illegitimate."

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Generali Agrees to Sell Panama Business to ASSA

The Italian insurer has been shedding assets in order to focus on its core business.

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POLITICAL

Temer's Lawyers Seek Prosecutor's Removal From Case

Lawyers defending Brazilian President Michel Temer from corruption allegations are seeking the removal from the case of the country's chief prosecutor, Rodrigo Janot.

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Janot // File Photo: Brazilian Government.

POLITICAL NEWS

New Venezuela Assembly Declares Itself Superior

Venezuela's powerful new constituent assembly on Tuesday declared itself superior to all other branches of the country's government, including the elected, opposition-controlled National Assembly, the Associated Press reported. The new assembly, which was selected from a group of candidates handpicked by President Nicolás Maduro's government in what the opposition has called a sham election, unanimously passed the decree just hours after its members took over a cham-

“What we have in Venezuela is a dictatorship.”

— Ricardo Luna

ber in the legislative palace in Caracas and posted pictures there of late President Hugo Chávez. The leader of the new assembly, Delcy Rodríguez, said the decree bars the National Assembly from taking any actions that would interfere with laws approved by the new super-body. Its vice president, Aristóbulo Istúriz, added, “We are not threatening anyone. We are looking for ways to co-exist.” Leaders of the National Assembly, which previously voted to not recognize any actions of the powerful new assembly, said they would convene today in the legislative palace, but it was unclear whether security guards would allow them to enter. Also on Tuesday, foreign ministers from 17 Western Hemisphere nations met in Lima and issued a joint declaration condemning the “breakdown of democratic order” in Venezuela, Reuters reported. The declaration, by countries including Brazil, Mexico, Argentina, Colombia, Chile and Canada, said they would not recognize any actions taken by the “illegitimate” new assembly. Peru's government called the meeting after Maduro proceeded with the widely denounced

July 30 election to select the super-body. “What we have in Venezuela is a dictatorship,” said Peruvian Foreign Affairs Minister Ricardo Luna. He said it was important for countries to collectively address the “unprecedented regional crisis” in Venezuela. Maduro has said the country needs the new assembly and a new constitution that it is expected to produce, in order to solve the country's political and economic crises. However, Maduro's opponents see the moves as an effort to increase his power. Maduro has said that the new assembly will also strip legal immunity from opposition lawmakers who have opposed him, Bloomberg News reported. The assembly is planning to establish a “truth commission,” which may function as a tribunal. “The truth commission may try anyone,” Maduro said this week. [Editor's note: See [Q&A](#) on the constituent assembly in the Aug. 3 issue of the Advisor.]

Lawyers for Temer Seek Prosecutor's Removal From Case

Lawyers defending Brazilian President Michel Temer against allegations of corruption have asked the Supreme Court to remove the country's prosecutor general from the investigation, saying he is not fit to lead the probe and accusing him of bias, Reuters reported Tuesday. Brazil's top prosecutor, Rodrigo Janot, has accused Temer of taking bribes, and earlier this week, after disparaging legislators for not voting to have Temer stand trial, said more charges would be coming as plea bargains unfold in the massive “Operation Car Wash” corruption probe. Temer's lawyers said Janot was acting “beyond his constitutional limits.” Janot's office did not immediately respond to requests for comment. Supreme Court Justice Luiz Edson Fachin will make the final decision on the lawyers' request to remove Janot from the investigation. There is no timeline for the decision, the Associated Press reported. But the request comes late into Janot's post; his time as chief prosecutor ends Sept. 17, after which a new chief prosecutor will take over the investigation.

NEWS BRIEFS

Tropical Storm Franklin Takes Aim at Mexico's Gulf Coast

Tropical Storm Franklin approached Mexico's Gulf coast this morning after dumping rain across the Yucatán Peninsula, but causing less damage there than initially feared, the Associated Press reported. Forecasters expected the storm to strengthen to a hurricane before making landfall along the Gulf coast late today or early Thursday. A hurricane warning is in effect along the coast, from Puerto de Veracruz to Tuxpan.

Rights Groups Demand Information on Argentine Activist's Whereabouts

Human rights groups on Tuesday demanded information about the whereabouts of a missing Argentine activist who was last seen when Argentine border police evicted a group of Mapuche Indians in Patagonia from the property of Italian clothing company Benetton, the Associated Press reported. Santiago Maldonado's family said he went missing on Aug. 1 while he was participating in a protest in support of the indigenous Mapuche community's land claims. Maldonado's family say police detained him when he blocked a road with other protesters. Authorities deny wrongdoing.

Chile Eyes Companies for Value-Added Lithium Projects

The Chilean government has targeted seven companies that it wants to develop value-added lithium projects, state development agency CORFO said Tuesday, Reuters reported. Chile is part of South America's “lithium triangle,” which contains more than half the known global reserves of the commodity. The short list is part of the government's plan to diversify its exports. Lithium must currently be sent abroad in order to be developed into consumer goods.

BUSINESS NEWS

Generali Agrees to Sell Panama Business to ASSA

Italian insurer Generali has agreed to sell its Panama business to ASSA Compañía de Seguros for \$172 million, Insurance Journal reported Aug. 8. The deal, which is subject to regulatory approval, includes the sale of Generali's assets, liabilities and insurance portfolio to the Panama City-based company. Generali's sale of the unit is seen as part of its efforts to focus on its core businesses. ASSA sells life in-



de Courtois // File Photo: Generali.

urance as well as general insurance products. Generali, headquartered in the Italian city of Trieste, said the sale will help in its efforts to optimize its geographical presence as well as boost operational efficiency and improve its capital allocation, Insurance Journal reported. "This transaction is another step forward in the rebalancing of Generali Group's geographical presence across the world," said Frédéric de Courtois, Generali's CEO for global business lines and international. "We are making good progress in the optimization of our geographical footprint."

Zuma Gets \$600 Mn in Financing for Mexico Wind Farm

Mexican renewable energy group Zuma Energía received \$600 million in project financing to build the country's largest wind farm, the Financial Times reported Tuesday. The wind

farm will have enough capacity to generate energy for one million homes. "This is crucial for the country. It demonstrates that the reforms that have been enacted are bankable and that you can attract investment," said Zuma Chief Executive Officer Adrián Katzew. Zuma received the project finance mostly from Mexican development banks, as well as from Santander, Danish export credit agency EKF, and Zuma's parent companies, United Kingdom-based private equity company Actis and Latin America-focused investor Mesoamerica

Investments. Actis, which owns 80 percent of Zuma, said that according to consulting firm PricewaterhouseCoopers, Mexico's renewable energy sector is expected to attract \$70 billion in foreign investments between 2015 and 2029. Zuma originally won contracts to build the Reynosa wind farm and two solar projects during Mexico's second renewable energy auction last year. Zuma is the first company to close on financing for a project won during that round of bidding, Katzew said. The Reynosa farm will be located in Tamaulipas State.

Subscriber Notice

Third Annual Latin America Clean Transport Forum

Keynote Address By

MARCELA GUERRERO
Legislative Assembly of Costa Rica

Panelists

NIC LUTSEY
Program Director, Electric Vehicle and Fuels/
U.S. Co-Lead, International Council on Clean Transportation

JOHN GARTNER
Senior Research Director,
Navigant Research

...And Others

September 20
8:15 a.m. - 3 p.m.

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Abertas, Temer had greased the skids with 4.2 billion reais worth of federal money for local projects, with 82 percent going to federal deputies and the remainder to senators. Finally, a more benign reason could be the desire to maintain Temer's proposed reform program, aimed particularly at reducing government pensions that have fueled the deficit. As for the future, President Temer is still not out of the woods. His popularity is at a record low, and it appears that Janot will continue his efforts to have him tried and ousted. The same applies to other compromised political figures, and there are many. There is little doubt that turmoil will continue to reign over Brazilian political life. I personally think of this as a positive development, since I believe Brazil's future depends on the success of the efforts to clean up and reform the political system."

A Carlos Eduardo Lins da Silva, global fellow at the Woodrow Wilson International Center for Scholars: "President Michel Temer needed 172 votes to bar the indictment and received 263. However, in previous important votes last year and this year, he had the support of as many as 400 lawmakers. This shows how much his political capital has eroded since the country learned in May of the audio recording of a conversation between him and a businessman that indicated possible illegal actions occurring between them. In order to pass the pension reform and others that he pledged, Temer needs the support of at least 308 lawmakers. It is doubtful that he can obtain that much considering last week's vote. Furthermore, it is expected that the prosecutor general will file at least one more indictment against Temer, this time for obstruction of justice. The latest public opinion polls show Temer's approval rating at a record low of 5 percent. The only social sector that still supports him is the business community. To keep its support, Temer must deliver the promised reforms, but this seems difficult."

A Peter Sufirin, independent Washington-based analyst: "Charged with passive corruption and obstruction of justice, Temer survived the vote in the Chamber of Deputies and avoided a trial in the Supreme Court. Nonetheless, his political battles are far from over. Amid a heated debate and a close vote on the floor of the chamber, Temer proved his political skill. He demonstrated that such a fractured Chamber of

“ [Temer’s] political battles are far from over.”

— Peter Sufirin

Deputies could come together to prevent his trial, despite the ongoing crisis of a lack of credible leadership. While Temer will still have to contend with Lava Jato and the bribery scandal at JBS, the ongoing issue for the Brazilian polity and populace remains the state of the economy. One should bear in mind that Brazilians tolerated the mensalão scandal during the Lula administration at a time of economic prosperity, and Rousseff was impeached primarily for fiscal and budgetary mismanagement. For the remainder of his term, Temer will have to turn his attention to addressing the challenges of inflation, unemployment and reform of the pension system, despite maintaining an approval rating in the single digits. He will need to solidify his political base with the PMDB, and he cannot afford to antagonize the PSDB and the PT if he is to proceed with much-needed reform. Street protests in major cities reflect this crisis of governability, while the discouraging Brazilian political image at home and abroad is undeniable."

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:fkuleta@thedialogue.org).

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