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FEATURED Q&A

Will Brazil Keep Soccer Fans Safe During the World Cup?

Q Protesters in a Rio de Janeiro slum torched cars and blocked roads with flaming barricades in mid-April following the death of a popular professional dancer, allegedly at the hands of police. Authorities responded with tear gas and rubber bullets and temporarily shut down the main avenue of the city's famed Copacabana beach. The unrest came just weeks ahead of the World Cup, which is set to open in Brazil this June. What is the security situation that awaits soccer fans traveling to Brazil? How ready are Brazil's public security forces to maintain order during the World Cup? Will disgruntled residents take to the streets in protest this June or stay tuned to their screens to watch the games?

A Jack Devine, president, and Amanda Mattingly, director for Latin America, at The Arkin Group: "Violent crime in Brazil is nothing new, but the recent spate emanating from the favelas of Rio de Janeiro is disconcerting just ahead of a major world sporting event. Approximately 600,000 foreign tourists will be descending upon Brazil for the World Cup this June and July, so it is no wonder that violent clashes between protestors and police have raised questions about Brazil's security. President Dilma Rousseff's government has spent approximately $848 million to bolster public security in the 12 cities where the games will be taking place, including Rio. Reportedly, about 150,000 police and military officers armed with bomb-detecting robots, grenades, rubber bullets and drones will be securing the cities and skies, ready to respond to anything from a terrorist attack to violent crimes perpetrated by drug gangs. This is in addition to existing 'Pacifying Police Units' (UPPs), which have been working in the favelas for years to bring down the levels of violence there. The security forces are also trained to deal with potentially large-scale demonstrations by disgruntled Brazilians. Indeed, three-

Continued on page 3

World Bank Names Familiar as Vice President for Region

The World Bank announced today that it appointed Jorge Familiar as its vice president for Latin America and the Caribbean. Familiar, a Mexican, replaces Hasan Tuluy in the position and is the first Latin American to hold the post in 30 years.

File Photo: World Bank.

Inside This Issue

FEATURED Q&A: Will Brazil Keep Soccer Fans Safe During the World Cup? 1

Rousseff Announces Income Tax Cut, Hike in Cash Handouts to Poor.....2

Mexican Government Announces Rules for Opening of Energy Sector.....2

World Bank Names Familiar as VP for Latin America and Caribbean 2

Jamaica Scraps Controversial Bank Withdrawal Tax 2

Mexican Lawmakers Approve Trials in Civilian Courts for Soldiers 3

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NEWS BRIEFS

World Bank Names Familiar as VP for Latin America and Caribbean

The World Bank announced today that it named Jorge Familiar as the vice president for Latin America and the Caribbean where he will oversee a portfolio of more than $30 billion worth of projects in the region. The Mexican national, who replaces Hasan Tuluy, is the first Latin American in 30 years to hold the position. Familiar was previously an executive director of the World Bank Group and CEO of Mexico's state-owned lender Instituto del Fondo Nacional para el Consumo de los Trabajadores.

Jamaica Scraps Controversial Bank Withdrawal Tax

The Jamaican government on Wednesday announced that it is canceling plans to impose a tax on bank withdrawals that was presented as part of the country's 2014-15 budget, BBC News reported. Finance Minister Peter Phillips said the tax will be replaced by other levies, including a 15 percent withholding tax on some insurance premiums and an extension of the consumption tax to imported services.

ICA Fluor Signs Deal to Construct $734 Million Pipeline in Mexico

ICA Fluor, a joint venture between **Fluor Corporation** and **Empresas ICA**, announced Wednesday that it has signed a contract with **TAG Pipelines Sur** to construct the 1.42 billion cubic feet per day capacity Ramones II Sur Gas Pipeline. The $734 million project, to be completed in the second quarter of 2016, will run through states of San Luis Potosí, Querétaro and Guanajuato in Mexico and is part of the Los Ramones transportation system, which supplies central Mexico with natural gas from the United States.

Economic News

Rousseff Announces Income Tax Cut, Hike in Cash Handouts to Poor

Brazilian President Dilma Rousseff on Wednesday announced that her government would lower income taxes and increase cash handouts to the poor, Bloomberg News reported. The announcement came amid a slide in Rousseff's support and five months ahead of the country's presidential election in which she is seeking another term in office. "We will continue making whatever changes are necessary to improve the lives of Brazilians, especially the poor and the middle class," Rousseff said in a televised address. The president said she signed a decree to change the country's income tax table, a move that will increase workers' take-home pay. Also, Rousseff said the government would implement a 10 percent increase in the value of payments in the Bolsa Família welfare program. She said the boost in the cash handouts would help keep the 36 million Brazilians receiving payments through the program above the poverty line. Rousseff has seen her support decline as growth slows in Latin America's largest economy and inflation rises. In a survey by conducted April 20-25 by pollster **MDA**, Rousseff's support declined to 37 percent from 44 percent in a February survey that asked voters about their support for Rousseff in comparison to their backing of two opposition candidates—Sen. Aécio Neves and Gov. Eduardo Campos. Support for Neves, of the Brazilian Social Democracy Party, or PSDB, rose 4.6 percentage points to 22 percent. Campos, of the Brazilian Socialist Party, or PSB, saw his support grow 1.0 percentage points to 12 percent. The April survey had a margin of error of 2.2 percentage points. Rousseff's declining support recently led 20 legislators from her coalition to urge former President Luiz Inácio Lula da Silva to replace her as the Workers' Party's presidential candidate. Rather than entering the race, however, Lula said in an interview published last month that Rousseff should present concrete plans to boost Brazil's economic growth. The country's gross domestic product grew 2 percent annually during Rousseff's first three years in office, the slowest annual pace since the presidency of Fernando Collor de Mello, who was in office from 1990 to 1992.

> "We will continue making whatever changes are necessary to improve the lives of Brazilians, especially the poor and the middle class."
>
> — *Dilma Rousseff*

Mexican Government Announces Rules for Opening of Energy Sector

The Mexican government on Wednesday announced the details of its proposal for enabling rules governing the opening of the country's energy sector to private and foreign companies, the Associated Press reported. Energy Secretary Pedro Joaquín Coldwell said contracts and production licenses will be auctioned publicly and be awarded to the company that offers the best return. Coldwell added that private companies will not immediately be able to open gas stations, but will be allowed to do so gradually as distribution and other infrastructure is ready. Currently, state-owned oil company **Pemex** runs all gas stations under franchise or other agreements. Mexico will also look to have a 25-percent "national content" goal in energy projects, and Mexican suppliers will be given preference over foreign companies when they offer the same contract terms. Pemex would also have to hold a 20-percent stake in exploration and production deals in oil and gas deposits that cross international borders. The proposed rules must be approved by a majority of Mexico's

Coldwell

File Photo: Mexican Government.

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Congress. "Despite delays, secondary laws necessary for implementing energy and telecom will likely be approved in extraordinary sessions held in June," the **Eurasia Group** said in a note circulated Wednesday. "And while they will most likely be approved by June, there is some risk of them being delayed to the second half of the year given the magnitude of the changes that need to take place." Mexico passed a constitutional reform of the energy sector last year which opened up the state-dominated industry for first time since 1938 in response to declining oil production. The overhaul allows for profit- and production-sharing agreements and licenses that allow companies to pay royalties and taxes for the right to explore and drill. Pemex gets first consideration for licenses.

Political News

Mexican Lawmakers Approve Trials in Civilian Courts for Soldiers

Mexico's Congress on Wednesday approved changes to the country's military justice code that will allow members of the military to be tried in civilian courts when they are accused of crimes, the Associated Press reported. The Chamber of Deputies unanimously passed the measure, following unanimous approval last week by the Senate. President Enrique Peña Nieto is expected to sign the change into law. Human rights activists have long pushed for the changes, saying trials in military courts of armed forces members accused of committing crimes against civilians have allowed security forces to cover up the crimes of military personnel.

> "Holding soldiers accountable for abuses is one of the most effective ways to help reduce widespread human rights violations by the military."
>
> *— Nik Steinberg*

The measure also follows a ruling by the Inter-American Court of Human Rights, which ordered civilian courts to hear the cases of five Mexicans who were allegedly abused by soldiers. The human rights court also told Mexico to change its military justice procedures. Rights groups applauded lawmakers' action. "Holding soldiers accountable for abuses is one of the most effective ways to help reduce widespread human rights violations by the military," Nik Steinberg, senior Americas researcher for Human Rights Watch, told the Associated Press in an email. "It will now be up to civilian prosecutors to see to it that the huge backlog of military abuses is vigorously and effectively prosecuted."

Featured Q&A

Continued from page 1

fourths of Brazilians believe the billions spent on the World Cup should have gone to other national priorities, including addressing persistent poverty, so it is likely that Brazil will see more protests. Still, with so much riding on the success of the World Cup for President Rousseff, who is up for re-election this October, it is unlikely that the Brazilian security apparatus would allow violent clashes or demonstrations to endanger the safety of the games."

Maria Velez de Berliner, president of Latin Intelligence Corporation: "About 3,000 soldiers, policemen, tanks and armored personnel carriers deployed to pacify Complexo da Maré from April 5 through the end of July will not assure soccer fans' security and law and order during the World Cup. Brazil's security forces are under-manned, under-armed and under-organized in comparison to the assets and logistics criminal gangs, such as Amigos dos Amigos and Comando Vermelho, have in most favelas in Rio. Other gangs operate in the 11 cities scheduled to host the games. Black Blocs, flash mobs (rolezinhos) that block roads and overwhelm security at beaches and in major shopping centers, are prepared to respond to rallying calls on Twitter and Facebook within minutes. Rolezinhos, which may or may not be associated with the criminal gangs, are threatening to block the entrance to the Arena Corinthians (the World Cup's opening match) in São Paulo, and Maracanã (the final match) in Rio. It is puzzling to see how Brazil, whose name is synonymous with soccer, underestimated the security situation and overlooked the opportunity gangs and rolezinhos will have to 'present their case' to an expected TV audience of over one billion people across the globe. Ironically, with only 35,000 hotel rooms to lodge an expected half million visitors in Rio, entrepreneurs in its favelas are renting their rooms, ready to cash in on an unprecedented economic bonanza. It is possible that while lodgers fear for their security in protected Copacabana, those lodging in pacified favelas, such as Rocinha, will enjoy security unequaled to that provided by the security forces, and are likely to receive the friendly, generous and incomparable hospitality that characterizes Brazil. Welcome to Brazil's newest informal industry: Favela Tourism."

> "Brazil's security forces are under-manned, under-armed and under-organized ..."
>
> *— Maria Velez de Berliner*

David Fleischer, editor of *Brazil Focus* and professor of political science at the University of Brasília: "Last June, the popular reaction against the lack of investments in public services (education, health and transportation) versus the outlandish public spending on 12 soccer stadiums in preparation for the 2014 World Cup produced a rash of public protest demonstrations that turned

Continued on page 4

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Featured Q&A

Continued from page 3

quite violent during the FIFA Confederations Cup. Brazil's public security forces were unprepared to deal effectively with these events except for uncoordinated violence. There is no indication that these forces have learned their lesson and will employ different tactics this June, when the world is watching the 32 teams competing in Brazil. In June 2013, President Dilma Rousseff's popular approval rating plummeted from 63 percent to 30 percent and never fully recovered. It is very possible that violent public protest marches in June 2014 might be even worse than last year's, because the federal, state and municipal governments have done nothing in response to the demands voiced last year. The recent violent outbursts in Rio and in São Paulo are part of a sequence of public reactions against police violence over the past eight months. Some countries have already issued cautionary advisories for their soccer fans planning to travel to Brazil to attend the World Cup games. The Brazilian government launched a weak, half-hearted advertising campaign in March to try to convince Brazilians of the importance of this event and to stimulate national pride in hosting the second World Cup in Brazil—64 years after Brazil's first world cup in 1950."

> "It is very possible that violent public protest marches in June 2014 might be even worse than last year's ..."
>
> ***— David Fleischer***

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

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