

## MAIN NEWS

- ▶ Can Cristina win? Asked a journalist, echoing the corporate sector concerns. Analysts are certain that her “return” is due to the need to obtain legal privileges by being a Congress member. However, in the first poll, Cristina and Esteban Bullrich are practically even for the Buenos Aires Province Senate election [[“Economic and Political Direction”](#)]; [“Other political...”](#)].
- ▶ Paolo Rocca warned about the risk of excessively opening the economy [[“Economic and Political Direction”](#)].
- ▶ Orlando Ferreres said that “Everything is going slightly better, except consumption and some activities related with Brazil”. Ferreres calculated a 4% year-on-year GDP increase for April – and predicted that June, July, and August will be better [[“Economy”](#)].
- ▶ Also, according to the INDEC and FIEL, industrial production for last May increased 2.7% and 4.3% year-on-year, respectively. Construction activity increased, last May, 10.3% year-on-year, INDEC informed [[“Economy”](#)].
- ▶ “Deep reforms are prepared for after the elections.” There are also assumptions that there will be an ample convoking to carry out structural agreements [[“Measures and announcements”](#)].
- ▶ In about three months, Argentina and Chile could sign a trade liberalization agreement [[“Measures and announcements”](#)].

### Important businesses

- ▶ The business news this week is the merger agreed between **Telecom Argentina** and **Cablevisión**, which would create the largest Argentine Company, offering four-play service, and competing with Telefónica and Claro [[“Telecommunications”](#)].
- ▶ Last week wheat international prices increased 11%; those of soy and corn increased more than 4% [[“Agriculture”](#)].
- ▶ Sao Paulo Alpargatas company, owner of Alpargatas Argentina, was acquired to the Batista family by an investment fund [[“Textiles”](#)].
- ▶ Finally, Odebrecht will give up its share in the consortium in charge of the Sarmiento Railroad undergrounding project. The participation will be transferred to its current partner, Italian Ghella, which will be in charge of the project accompanied by IECSA (now called “SACDE”). Also their Spanish partner COMSA was left with a minimum participation (1%).

POLITICAL and ECONOMIC DIRECTION .....	2
ARGENTINA’S ECONOMY .....	3
MEASURES and ANNOUNCEMENTS .....	4
POLITICAL NEWS.....	6
JUSTICE.....	7
AGRICULTURE and AGRIBUSINESS .....	7
FOOD and BEVERAGES.....	8
TEXTILES AND APPAREL .....	8
LABORATORIES.....	8
MINING .....	8
IRON and STEEL .....	9
AUTOMOTIVE INDUSTRY .....	9
OTHER INDUSTRIES.....	9
INFRASTRUCTURE and PUBLIC WORKS .....	9
ENERGY .....	10
TRANSPORTATION and LOGISTICS .....	10
REAL ESTATE .....	11
TELECOMMUNICATIONS.....	11
INFORMATION TECHNOLOGY and INTERNET .....	11
INSURANCE .....	12
BANKS and FINANCING.....	12
CAPITAL MARKETS.....	12
FOREIGN TRADE AND INVESTMENTS .....	13
MISCELLANEOUS .....	13
MERCOSUR and UNASUR.....	15
BRAZIL .....	15
CHILE.....	16
URUGUAY.....	16
VENEZUELA.....	16
COLOMBIA .....	16

It was later informed by the Interior Ministry that it preventively suspended Odebrecht for 12 months from competing in bid tenders for new public works in the country. [[“Infrastructure”](#)].

- ▶ Aluar will start the installation of its own wind park (510 MW), close to its Puerto Madryn aluminum refinery, which will demand an investment amounting to US\$ 815 M. [[“Energy”](#)].
- ▶ “Flybondi” received the authorization to cover 43 domestic routes and 42 international, during 15 years, and announced investments for US\$ 75 million. [[“Transportation”](#)].
- ▶ Telefónica is closing down its news Terra portal [[“Internet”](#)].
- ▶ The dollar reached a \$ 17.18 quotation (official retail forex) and \$ 16.94 (wholesale) yesterday. A firm portfolio dollarization process and less agriculture exporters’ liquidations continuing boosting the dollar’s local price to record levels and a significant peso devaluation. The government downplays the effects of this movement, but it represents a relief for all exporters. On the other hand, it would unleash price increases in many goods and services [[“Capital Markets”](#)].
- ▶ “Argentina is only competitive as far as agriculture is concerned: it exports the same quantity than in 2010. On the other hand, the industrial manufactures exports have receded US\$ 7,000 M since then.” [[“Foreign Trade”](#)].
- ▶ In [“Brazil”](#), the Treasury Minister lowered growth perspectives for 2017 **below 0.5%**.

## CONTEXT

### POLITICAL and ECONOMIC DIRECTION

1) “The questions and fears among businessperson are repeated all over: **Can Cristina win the Legislative elections?** How will Macri govern and improve the economy if the official party did not have a good election in October, and the opposition starts a radical movement? Should we continue with peso Lebac, and fixed termed accounts, or should we start buying dollars?”

“The best political analysts coincide in their opinion that, today, nobody knows what will happen. But PASO primary elections are on August 14th, which are obligatory, will let us know how the electoral run is going. It will be seen whether everything is a disaster – as the opposition says, as well as audio visual media – or if the people are hopeful and will continue voting the Government and supposedly against the past, rejecting populism and Cristina’s State power and her political sector – increasingly extreme.

Only two years ago, Scioli obtained 37% of the votes, Macri 34%, and Massa 22%. The official party supposes that Cristina’s discredit, due to the corruption scandals, would increase lack of support, although this should be contrasted with economic hardship suffered by the middle low and low classes in the Greater BA area, which Cristina is targeting.” (Willy Kohan, Cronista, 6/29.)

2) **Businesspersons warn about the risk of excessively opening the economy.** (Clarín, 7/1.)

“No government can go ahead with an indiscriminate opening without risking governance and consensus,” assured **Paolo Rocca** (Techint Group CEO) during a corporate panel of the 20<sup>th</sup> Annual Meeting of the Companies Directors Christian Association (ACDE).

Rocca and **Hugo Siman** (INSUD Group president), coincided on the need that the Government policies give **more protection for national industry**, even if it results in a higher deficit,” and not to open imports indiscriminately.” (La Prensa, 7/1.)



**Rocca** also said that, for the companies, the challenge is to be able to read this, and support the Government to govern in the midst of so much volatility... I personally believe that we are heading towards a de-globalization of our value chains... In the last 25 years, we went through **two large "macro-tendencies,"** which generated great global unevenness:

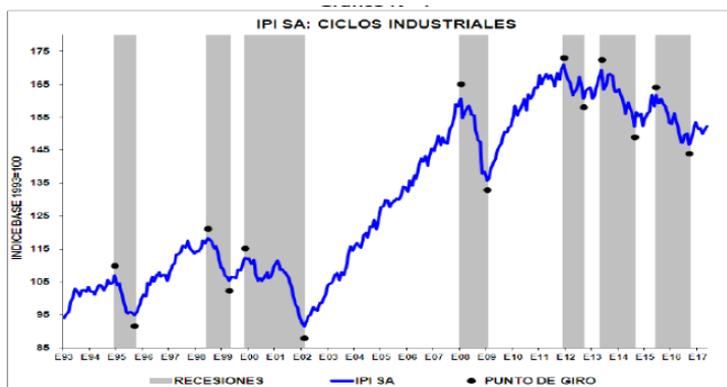
- China’s advance – which went to produce 4% to 28% of global manufactures - and
- An accelerated technological advance. (Nación, 7/1.)

**3)** Hugo **Sigman** said that the technological advance is an opportunity, and asked for more subsidies for scientific investigation and development. (Infobae.com, 7/1.)

## ARGENTINA’S ECONOMY

**1) Industrial Activity. (I)** According to **FIEL**, industrial production for last May increased 4.3% year-on-year. It is a monthly improvement of 0.7% seasonally corrected vs. April (+6.1% non-seasonally corrected). As for the 5-months accumulated, it is a 1% fall vs. the same period last year (preliminary figures). Thus, **the recovery – going on its 8th month – reached an increase equivalent to 5.8% annual; it is expected that, in June, these figures will consolidate.** (Fiel, 6/28.)

In the accumulated for the year, the non-metallic minerals production (4.6%) heads the increase; iron and steel grew 1.7%. All the other sectors show falls: among them, textiles (-2.2%), food and beverages (-2.5%), crude oil processing (-3.2%), and the automotive industry (-5.2%).



FIEL’s Industrial Production Index Series chart about Industrial Production, January 1993-May 2017, showing recession (gray lines) and expansion periods, and turning points. >

**2) Industrial Production. (II)** **INDEC** official estimation is the most conservative of the three that were informed (see comparison chart). **This increase broke down a 15-month consecutive fall series.**

MAY 2017 Comparative Industrial Activity	Variations		
	Year-on-year	Monthly, seasonally corrected	Accum. in 5 months vs. same previous period
FIEL	4.3%	0.7%	-1.0%
Ferreres	-3.9%	0.1%	-0.8%
INDEC	-2.7%	-	-1.4%

**3) Industrial Production (III).** The sector that suffered more during last year’s recession is starting to show improvements, boosted by **construction, food products, agriculture, and the automotive sector**, due to a very slight improvement of Brazilian demand. However, the Government, private economists, and industrialists request **caution**. Nobody believes there will be a rebound, this year, higher than 1.5%. Also, they all coincide in their opinion that the advance will have important differences between sectors, and it will be very **slow, from a lower level, and very intensive as far as employment.** (Nación, 7/1.)

**4) GDP. The economy was almost stagnant last April.** The Economic Activity Monthly Estimator (**EMAE**), informed by the INDEC, reflected a **0%** seasonally corrected vs. March, and 0.6% year-on-year, while the accumulated of the first quarter showed an improvement amounting to 0.4%.

We do not expand on the matter, because there are already May data (see Ferreres in the previous report), but the economists coincide that, during April, several key sectors did not do well, and only construction obtained 8.4% year-on-year.

**5) Construction activity** increased, last May, **10.3% year-on-year**, INDEC informed. In 5 months, it accumulated a 5.1% increase vs. the same period of 2016, boosted by public works. However, there are also increasing trends for private works (more sales, mortgage loans, more construction permits). ([www.indec.gov.ar](http://www.indec.gov.ar) – 6/29.)

**6)** The INDEC restarted publication of technical reports referred to the **Income Distribution Evolution**, with data from the “Permanent Homes Review,” for the 2017 1<sup>st</sup> quarter. ([www.indec.gov.ar](http://www.indec.gov.ar) -).

**7) About the economy’s recovery:**

- **Marina Dal Poggetto** (Estudio Bein): "The economy bottomed out in last year's third quarter, and started the fourth with a strong effort, at a **1% quarterly rhythm.**" At the second and third quarters of this year, it will be "above the first, and at a rhythm somewhat more accelerated – despite the fact that **consumption**, (the more important GDP component) **is going slowly.** Del Poggetto estimated that the year "can close with a **2.9%**, increase, not much more."
- **Orlando Ferreres** explained that "the people say that everything goes slowly, but the figures indicate something differing." "**Everything is going slightly better,**" **except consumption and some activities related with Brazil.** Ferreres calculated a 4% year-on-year GDP increase for April – and predicted that **June, July, and August will be better.** "It is a gradual economy system, but it is showing results," he said.
- **Miguel Kiguel** indicated that the **increase is "sustained" though "slow."** The problem is that the recovery "is uneven in sectors and regions." (Nación, 6/29.)

"Nobody doubts that there will be increases this year, but they will be heterogeneous. Many believe that they will be practically statistical: almost a rebound after last year's recession. Private specialists doubt is when – and how much – the improvement will be noticed by the citizens that will vote next October." (Nación, 6/29.)

## MEASURES and ANNOUNCEMENTS

1) "**Deep reforms after the elections**". The President said that his Government is preparing for after the next elections: tax, fiscal, and pension reforms; changes in electoral campaigns financing, and PASO primaries cancellation; changes in the Public Ethics Law, control organizations, and the Judicial Power, etc.

Macri wants to lower poverty indexes through employment, shared with the corporate sector: lower the Argentine cost to favor investments. (> Nación, 7/2.)

Another article adds: "The official party knows that introducing long term reforms depends on the elections result. But they are conscious of the fact that they will not have the Parliamentary majorities that they wish." Thus, the Government **proposes structural agreements with companies and unions, as well as political parties and social organizations.** "Either all contribute to surpass the inflection point, or Argentina will stay condemned to irrelevance for several more decades." (> Nación, 7/2.)

2) **The Fiscal Deficit.** The Government is worried about: avoiding that the **primary deficit does not surpass \$ 405,000 M this year;** achieving that, next year, the deficit should be equivalent to 3.2% of the GDP (some \$ 100,000 M less than 2017); and approving a new tax system.

The first objective could be reached, **though as a primary fiscal deficit** (without considering the debt interests). If, to the GDP 4.2% fiscal deficit, the debt payment is added, it would amount to **7% of the GDP.** (Clarín, 7/2.) See chart. >



3) Last Sunday, Clarin's main article was "**the exorbitant impact of taxes on Argentine prices.**" From

the start of the Cambiemos party Administration, the claim about taxes weight on the economy is increasingly strong. (Clarín, 7/2, Economía.)

## Legislative

4) **PASO.** In an unexpected political turn, Macri's Government proposed to **revise the primary elections system**, open, simultaneous, and obligatory ("**PASO**"), created in 2010, and **abolish it for the 2019 Presidential elections.** Macri considered that it has low political use, extends the campaigns, and costs \$ 2,600 M. The official explanation is that the system is expensive – and failed this year as a tool to select the candidates for each electoral alliance. (Nación, 6/29.)

5) **Corporate Crime Regime.** The Lower House approved, "in general," the Executive Power law project that penalizes the corporate corruption against the Public Administration, with high fines and the prohibition to participate in public bid tenders, among other sanctions. (Cronista, 6/29.)

6) The Executive Power presented its “**Buy Argentine**” law project, before three Lower House Commissions. Industry Secretary Martín Etchegoyen said that, “This is a development measure, and not a protection one... we want public purchases to help the development of the national industry.” (Página/12, 7/2.)

### Salaries / Unions

7) “**Minimum salary.**” The **Government decreed an increase** - in line with the average increase established by sectors’ agreements – of a 24% over the current salary’s floor, which will be applied in three installments. (Cronista, 6/28.)

8) The Labor Minister indicated that **80% of this year’s salary agreements** have been closed, and that more than 30% of the agreements have incorporated improvement of productive processes. (Nación, 6/30.)

### The Cabinet Chief at the Senate

9) During his **report about the Government’s performance**, **Marcos Peña** emphasized his defense of the economic program, which he called gradual and sustainable. Besides, he justified that the Government takes debt, due to the need to gradually shrink the deficit inherited from the Kirchners, which he called “one of the highest in history.”

- The Kirchnerite lawmakers were silent. (Nación, 6/29.)
- The placement of the **100 years term dollar denominated bond**, turned into a debate, with strong electoral tones.

### Other news

10) **National Cabinet changes.** Three of Macri’s Ministers will be candidates - Esteban Bullrich (Education Minister), Julio Martínez (Defense Minister), and José Cano (responsible of the Belgrano Plan, with Ministerial rank). It was decided that they will resign on July 14th. (Nación, 27.6) Cabinet Chief Marcos Peña denied rumors about elimination of some Ministries. (Prensa, 6/29.)

11) **Cabinet changes after the October 22nd elections:** The Modernization Ministry (**Andrés Ibarra**) will absorb the Communications Ministry – and could add the innovation and technology areas of the Production and Science and Technology Ministries. Communications Minister **Oscar Aguad** (UCR) will be appointed as Defense Minister. A possible merger between the Agribusiness and Production Ministries was discarded. (Nación, 7/1.)

12) **Street Disturbances.** The National Government accused the Kirchner party of having organized the violent protest last Wednesday at 9 de Julio Avenue, which was clearly political. It denounced, before the Federal Justice, the main leaders of the protest. “The Government fears that last week’s violent picket could be the start of an escalade of pre-electoral organized protests.” (Perfil, 7/2.)

13) The Government will expand the issue of the Argentine Bonds in dollars at 8.75%, 2024 (**Bonar 2024**) for up to US\$ 4,000 M. Those bonds will not be sold at the Market, but will be the **guarantee** delivered to the banks that participated of the last “repo” (short term loans), for US\$ 6,000 M. (Clarín, 6/30.)

14) “As a result of the funds income for the 100-year bond, **reserves** increased US\$ 2,152 M, and closed June at a preliminary level amounting to US\$ 47,994 M.” (Prensa, 7/1.)

### Foreign relations

15) Macri will travel for the **G-20 Summit**, to be carried out in Hamburg, Germany, on July 7th and 8th. The President will celebrate the **9 of July** Independence Day at the frigate ARA *Libertad*, which will be at that Port. (Prensa, 6/29). See G-20, “[International.](#)”

16) Macri traveled to **Chile** with 4 Ministers and several provincial Governors, to deepen the integration between the two countries, as well as between Mercosur and the Pacific Alliance. As for concrete agreements, both Governments signed an agreement [“pour la gallerie”] to accelerate the construction of the Paso de Agua Negra International Tunnel. Macri invited Bachelet to the next Mercosur meeting, in Mendoza, and to the WTO Assembly, to take place here at year’s end. (Nación, 6/28.)

**ARGENMEDIA Note:** The Foreign Ministry communicated that: “Previous to Macri’s trip to Chile, between June 21st and 23<sup>rd</sup>, the III Round took place, for the negotiation of **an agreement of trade liberalization between Argentina and Chile.** There were important advances in an instrument that will become an agreement that seeks to give more certainties to economic operators, and development opportunities for Chilean and Argentine businesspersons. **It will be signed in not more than three months.** (Cancillería, gov.ar – 6/23.)

17) The UN Special Committee on **Decolonization** approved once again –as it has been doing for the last 40 years- a **Resolution** reiterating the need for negotiations between Argentina and the UK, to resolve **Malvinas Islands** controversy ( [www.cancilleria.gov.ar](http://www.cancilleria.gov.ar) - 6/26.)

- President Macri is scheduled to meet this week in Hamburg with **British Prime Minister Theresa May** to reinforce cooperation and joint efforts, and he expects to talk also about **Malvinas** (Mercopress, 7/5.)

18) **Australia's Foreign Minister** visited Argentina, and both countries stressed the excellent level of the bilateral relationship and the significant increase of bilateral trade (45% in the first 2017 four months). Cooperation possibilities were analyzed about cooperation between Mercosur and the Closer Economic Relations (CER), formed by Australia and New Zealand.

## POLITICAL NEWS

---

1) **Polls.** According to a Management & Fit poll on 2000 people, at the start of the campaign:

- The official party formula for BAP Senators is above Cristina's by less than 1%.
- BAP Representatives: the official party has 29.8%, vs. 15.9% of the FUC, the alliance created by CFK.
- BA City: Carrió is above by 19.6% from Filmus and 16.6% from Lousteau. (Clarín, 7/2.)

2) Polls on voting intention -for Senators in BA Province- have one coincidence: the former Minister of Interior, Florencio Randazzo would be fourth, with about 5%. Regarding the winners:

- One says that, today, Cristina Kirchner wins comfortably.
- Two others, that there is a virtual "technical tie", although the former President is first in one and in the other, the outgoing Minister of Educación Esteban Bullrich.
- And a fourth survey raises a vote-to-vote fight between the two of them and Sergio Massa (Cronista, 7/4).

3) "**Cristina's return.**" "Cristina Kirchner can disappear from the political scenario in 2017, which could mean vegetating at the Senate, as Carlos Menem has done for the last twelve years.

The deterioration process has accelerated... it is explained by the gross economic errors, of which she was the only responsible one... The real chance of her regime's return seems less than moderate...

Her candidacy has more to do with the risk of being left without legal coverage than with disputing power." (**Sergio Crivelli**, Prensa, 6/28.)

4) According to columnist **van der Kooy**, Cristina Kirchner has good possibilities to enter the Senate, "and thus obtain impunity." (Clarín, 7/3.)

5) **Justicialista Party.** Former President Eduardo Duhalde affirmed that "there was never such a degrading of a party." (Prensa, 6/28.)



6) **Massa** (photo) is seeking the votes of those disenchanted with the current Government, and he presents himself as the option to punish Macri, without bringing Cristina back. (Cronista/Guillermo Kohan, 6/29.) Macri believes that, with **Sergio Massa's** candidacy, he can lose the votes he needs to win over Cristina.

7) **Florencio Randazzo** could be left with no internal competition in the PASO August 13th elections, representing the Justicialista Front. (Nación, 6/28). Randazzo believes that his highest potential

is among Massa voters. (Nación, 6/30.)

8) The Government is watching for new violent pickets, and that the idea of a large economic adjustment will be carried out after the elections would be installed. Also, Macri recommended his candidates not to confront with Cristina, to avoid that the polarization grows even more. (Perfil, 7/2.)

## JUSTICE

---

- 1) **Odebrecht.** The Supreme Court authorized 4 Judges to travel to the U.S. to assist to the "working meeting, with Argentine Judges and Prosecutors and FCPA (foreign corruption and bribes) Unit Prosecutors of the U.S. Department of Justice." (Prensa, 6/28.)
- 2) **The Brazilian General Prosecutor Bureau** informed its Argentine counterpart Gils Carbó that it already has the documents supplied by the "repented" of the "Lava Jato" case, Leonardo Meirelles, and assured that, shortly, it will send the information directly to the Prosecutor that investigates the case of the bribes allegedly paid by Odebrecht. (Infobae.com and other media, 6/29.)
- 3) The **Transener Case. The Argentine Federal Justice** already has with the repented Brazilians declarations on the Lava Jato case, to advance in the investigation of the bribes payment to former Minister de Vido to benefit Argentine Electroingeniería. The declaration arrived through official channels, and will be used as a legal proof. **Fernando Soares** (a Brazil Petrobras operator) and **Nestor Cerveró** (former Petrobras director) were already condemned to prison in Brazil. The sale had been agreed with U.S. Eton Park Fund, but then Electroingeniería got hold of the business. (Nación, 7/1.)
- 4) Meanwhile, the Argentine Federal Justice officially rejected the Brazilian Justice Ministry conditions, to give criminal and civil immunity to the former **Petrobras** repented executives, in exchange for their collaboration. The reply was that the Argentine Law does not exonerate from guilt those repented persons. Justice asked to evaluate other cooperation alternatives. The rest of the Judges that investigate the payment of Brazilian bribes to Argentine functionaries, will receive a similar letter. (Nación, 7/1.)
- 5) With at least six cases against her, **Cristina Kirchner** will have to face a second semester with Court visits, which could include a new call for declarations, where a data could be fixed for an oral and public trial. (Cronista, 6/27). Before October, there will be news in 4 of the causes. Before the PASO (August 13th), there would be a new accusation and a new request for questioning. (Perfil, 7/2.)
- 6) Prosecutor Stornelli accused former Planning Ministry **Julio De Vido** for irregular use of funds of Rio Turbio coal mine, and requested Judge Luis Rodríguez to start procedures in Congress to cancel the legal protection De Vido has as a representative from FpV. (Nación and Clarín, 7/5.)
- 7) **Corruption in International Soccer / "The 'García' report."** The late **AFA** Argentine directive **Julio Grondona** appears 128 times in the Michael Garcia investigation. It is a U.S. lawyer contracted by the **FIFA** as an independent investigator to find corruption actions in granting the 2018 World Soccer Cup to Russia and 2022 in Qatar. Grondona even surpassed the former **FIFA** president, Joseph Blatter. (El País/Montev., 6/28.) FIFA published the report in a 436 pages document, see > [Report](#).

## BUSINESS

### AGRICULTURE and AGRIBUSINESS

---

- 1) **International Prices.**
  - **Wheat** was the star at the Chicago Market, with an 11.5% profit for the week (6% last Friday), after the USDA report about lower sowed surface than was expected for the cereal at the U.S.  
Contracts for July and September closed at US\$ 187.76 and US\$ 193.27 per ton in Chicago and US\$ 187.80 and US\$ 194.60 per ton in Kansas.
  - At the Chicago Market, **soy** contracts for July and November traded at US\$ **346.22** and US\$ **350.81** per ton, with 4.2% and 4.8% profits for the week, respectively.
  - **Corn** contracts for July and September closed at US\$ 145.86 and US\$ 150 per ton, with 3.56 % and 4.24% profits for the week, respectively. (Nación/Campo, 7/1.)

2) If we project the wheat world commerce for the 2017/2018 cycle, we can see that world production would be cut down by only 15 M ton. But exporting countries would cut down more than 33 M. The U.S. production is falling (-13 M), Australia (-10 M), Canada (-3 M), Russia (-3.5 M), Ukraine (-3.8 M), and Kazakhstan (-2 M).

India will grow (9 M ton) and the EU. The world wheat production sequence in the last few years (according to the USDA) is: 715, 728, 737, 754 - and now 739 M ton. (Nación/Campo, 7/1.)

3) **Bio-fuels.** **Gonzalo Ramírez Martiarena**, global CEO of **Louis Dreyfus Company** (LDC), considered it was unjust the bio-diesel dumping accusation against Argentine producers by the U.S., and affirmed that Argentina does not sell biodiesel below cost. (Cronista, 6/29.)

4) **Gasoil prices increase.** The Argentine Rural Society president calculated that the sector consumes a third of the gasoil total in Argentina, and that the 6% increase will cost some **\$ 3,600 M**. (Cronista, 7/3.)

5) **Hilton Quota.** For the 9th consecutive year, Argentina will not comply with the assigned export quota for the **Hilton Quota**. The ABC Beef Exporters Consortium estimated that some 6,000 ton of that quota. When the 2016/2017 cycle concluded, it certified 21,598 ton (73% of the total).

The main reason for not exporting the total is the **lack** of heifers, which are special animals, fed with grass. According to ABC, the new system for quota distribution would improve the conditions for the next period. (Cronista, 6/27.)

## FOOD and BEVERAGES

---

Workers from the **Pepsico Argentina** snacks' plant in Florida, GBA, which was closed a week ago firing almost 600 people, occupied the premises and cut the nearby highway. (Infobae.com, 6/26 and 30.)

**International.** Shares in **Nestlé** rose more than 4% after the Swiss group became the latest target of US activist investor Daniel Loeb. Mr Loeb's **Third Point hedge fund** has taken an investment position of roughly 40 million shares, or 1.3% (worth about US\$ 3.5bn), in the company, and has begun "productive conversations" with management. (AmericaEconomia, 6/26.)

## TEXTILES AND APPAREL

---

**Brands.** Through the local ASW Group, **Calvin Klein** will again operate in the country. Also, Japanese **Asics**, which decided to install direct operations in the country and produce some shoe lines. (Nación, 7/1.)

**Regional.** **J&F Investimentos** Fund, which handles **Batista** family investments (owners of JBS meatpackers), informed the Brazilian regulation authorities that it closed an agreement to cede the 86% it owns of the **Sao Paulo Alpargatas** capital, owner of **Alpargatas Argentina** 100%. The agreement is with the **Cambuhy Investimentos Fund**.

- Alpargatas Argentina is facing hardship, with several closed plants. **Batista Family** admitted having paid bribes for R\$ 600 M to almost 1,900 politicians in the last few years. (Cronista, 6/27.)
- Joesley Batista secretly recorded a conversation with President Temer, and presented it as a proof that Temer consented to payments of a Lava Jato case witness.

## LABORATORIES

---

**PAMI** Pensioners Social Assistance signed an agreement with several Chambers to guarantee the medicines supply for all its affiliates, maintaining the current discounts, the same coverage, and country-wide accessibility. (Cronista, 6/29.)

## MINING

---

1) At the FT Summit the **San Juan Province Mining Minister**, Alberto Hensel, estimated that, in Andean provinces, there are **22 viable mining projects**, with "US\$ 420,000 M potential resources," valued according to their reserves and resources, an amount similar to the country's GDP. Hensel affirmed that, to develop those projects, "**US\$ 25.000 M**" will be needed.

Marcelo Álvarez, president of the **Argentine Mining Corporate Chamber** (CAEM), said that they are working to make 33 indicators standard, which are included in seven protocols, so that "the companies can show that the standards we have in Argentina is the same as those of Canada or Australia." (Cronista, 6/29.)

2) **International.** **Copper** prices increased 2.3% last week and closed on Friday at 268 CUS\$/lb. (Cochilco.cl – 6/30.)

## IRON and STEEL

---

Argentina's Steel demand reached a floor by mid-2016, and then it has been gradually recovering," according to **Ternium CEO, Daniel Novogil**. He also said that "**we see a 10% growth [steel consumption] for this year, and we expect another 10% for 2018**. We trust that the **GDP** will grow around 3% in 2017 and another 3% next year." (Nación, 7/1.)

## AUTOMOTIVE INDUSTRY

---

1) The Government postponed, without changes, the caps from which brand new cars pay internal taxes. About ten national production models, which increased 10% in the last few months, are now around \$ 500,000, just close to pay this tax. (El Economista, 6/30.)

2) **Used car prices dropped** 30% this year, the Automotive Chamber of Commerce confirmed. Terminal and concessionaires apply bonus to brand new cars (between \$ 30,000 and \$ 80,000), especially those imported from Brazil, affected the prices of used cars. (Prensa, 7/1.)

3. **Hutchinson** Auto-parts Multinational, (**Total Argentina Group**), will leave its Argentine operations due to a deep retraction of the domestic market and exports. (Cronista, 6/28.)

## OTHER INDUSTRIES

---

The Government will postpone for another **6 months the Fiscal Incentive Regime for the metallurgic industry, and will grant a bonus** (equivalent to 14% of turnover) to the **capital goods** that que include a higher amount of local parts. (Cronista, 6/29.)

## INFRASTRUCTURE and PUBLIC WORKS

---

### 1) **Sarmiento Railroad undergrounding contract.**

a) **Odebrecht** will give up its share (33%) in the consortium in charge of the undergrounding (budgeted at US\$ 3,000 M). If the Transportation Minister accepts, the Company will sell it to Italian **Ghella**, which will have the 70.4%.

**IECSA** (now called "**SACDE**") will have a 28.6% and **Comsa**, 1%.



b) Simultaneously, Presidential Decree No. 456 (OB, 5/29) modified the structure of the project's "Execution Unit."

c) It was also previously informed that Spanish **COMSA** - which had a 10% participation in the contract, sold it to partners Ghella and IECSA, keeping only a 1% share.

Ghella will be in charge of the project's direction and the production direction; IECSA, in charge of the "finances and administration direction," and Odebrecht, of engineering. (Nación, 6/28.)

"At the start of the contracto, IECSA was in charge. In 2013, while it paid bribes in Argentina and Brazil, Odebrecht increased its participation, and took absolute control of the work's management." (Nación, 7/2.)

### 2) **The Argentine Government vs. Odebrecht.**

Due to the several legal procedures opened against Odebrecht, both in our country and abroad, the National Constructors Register Council, which depends from the Interior Ministry, preventively **suspended for 12 months** the Brazilian Company from competing in new public works bid tenders. Odebrecht's will not have its annual technical capacity certificate renewed, which is needed for tenders' presentations. (Clarín and Perfil, 7/4.)

#### Also:

Internal investigations were already started on public organizations, with which Odebrecht worked, for a long time, during the Kirchner years. (> [Clarín, 7/2.](#))

- Special units are investigating local Odebrecht contracts at YPF and at the Energy, Transportation, and Interior, Public Works and Housing ministries.
- Odebrecht will not obtain here judicial indemnity for its former directives, who have confessed to having paid bribes to former directives – an objective that the Company obtained in other regional countries.

3) “The Government was able to **save some US\$ 2,200 M** in the public works construction, by cutting down over-prices that were predominant during the Kirchners Administration.” The construction savings reaches up to 40%; now works are 30% less. (> [Nación, 6/30.](#))

4) The **Constitución-Mar del Plata train** is circulating again, after 1½ years of being suspended due to structural deficiencies. For the rehabilitation, \$ **1,300 M** were invested, and 208 km of railways were renewed. A new bridge over the Salado River was built. (Nación, 7/3.)

5) Spanish construction and engineering company **Isolux Corsán** requested bankruptcy proceedings for seven companies with a total of 1,992 employees. The total financial debt on balance sheet of the group - including those companies not included under a previous Spanish Insolvency Act filing at the end of April- was €1.27bn, of which a half are associated with project financing.

- Isolux Corsan Group and subsidiary Corsan-Corviam Construcciones have contracts outstanding in Argentina for US\$ 250 M, including one trench of the new Paseo del Bajo highway in BA City.

## ENERGY

---

### Oil and Gas

1) **Pan American Energy** (PAE) will invest some **US\$ 1,200 M** in Argentina, during 2017, for conventional and non-conventional (US\$ 400 M) hydrocarbons production.

PAE is the second gas and oil producer in the country, with an 18% market share. (AmericaEconomia, 6/28.)

2) **The Capital Group Companies**, U.S. investment funds administrator, acquired ADS from Pampa Energia, equivalent to 3.31% of the Company. -In 2003 it had acquired 5% of Telecom’s capital, and in 2007, 7.5% of the IRSA Real Estate Group. (AmericaEconomia, 6/23).

3) This winter there will not be lack of gas for industry, as the supply has no problems. (Cronista, 6/27.)

4) **Fuels.** Gasoline increased 7.2% and gasoil 6%, accompanying the peso devaluation in the last few weeks. (Nación, 7/1). The agreement between refiners and oil producers, backed by the Government, revises prices every three months, following a formula to free prices in 2018. There was already a 2% increase at year’s beginning and a 0.1% drop last April. (Prensa).

5) **International.** Oil prices retreated on Tuesday, **halting a run of eight straight days of gains** on signs that a persistent rise in US crude production is running out of steam.

Brent crude futures had fallen 13 cents or 0.3 per cent to **US\$ 49.55 per barrel**. US WTI crude futures were trading down 9 cents or 0.2 per cent at **US\$ 46.98 a barrel**.

The falls came after both benchmarks recovered around 12% from their recent lows on June 21. The US celebrates Independence Day holiday on July 4.

- Late May and most of June were overwhelmingly bearish as US output rose and doubts grew over the ability of the OPEC to hold back enough production to tighten the market.
- The sentiment began to shift towards the end of June, when US data showed a dip in American oil output and a slight fall in drilling for new production.

### Renewable energies

6) **Aluar** will start, next July, the installation of its own **wind park** (510 MW), which will demand an investment amounting to **US\$ 815 M**. (Cronista, 6/29.)

## TRANSPORTATION and LOGISTICS

---

1) The National Competition Defense Commission proposed regulations changes for the pilotage services. In Argentina, its costs are between 2 and 3 times higher than abroad. (Clarín, 6/30.) See > [Informe](#)



2) **MSC** World CEO Gianni Onorato assured that in Argentina, "Port costs are the highest in the world. Using the waterway, the terminal, the pier, and the pilotage, the mooring of a big **tourism cruising ship** can cost more than US\$ 500,000." Onorato admitted that, for the first time, there is a good dialogue with the Government to solve the problem. (Clarín, 6/25.)

3) "**Flybondi**" received the authorization to cover 43 domestic routes and 42 international, during 15 years. It plans to invest US\$ 75 M.

4) **Air Tariffs.** Despite the "low cost" (Norwegian, Flybondi, Andes) claims, **the minimum prices for air tickets would not be modified.** This means that the new "low cost" services will not be so low. On the other hand, they will not be updated either. The last time the tariffs were adjusted was in December 2014, the inflation erodes them little by little, and they will continue this way.

Last year, the Government eliminated the higher tariffs prices, but it maintained the lowest. This is due to the fact that if they would cancel the floor, bus and plane prices would be the same, and the land transportation could suffer a grave crisis. (Nación, 6/30.)

## REAL ESTATE

"This is a very good time to invest in Argentina," affirmed **Eduardo Eurnekian** (85), Corporación América owner, when he [re-] launched a mega-real estate development in Córdoba, where US\$ 1,000 M will be invested in a decade's time, to construct a "**Distrito Las Artes**", a mixed complex which include a residences for 12,000 people. (Cronista, 6/29.)



## TELECOMMUNICATIONS

1) **Telecom and Cablevisión**, from Mexican Fintech and Argentine Clarin Groups respectively, have approved a **Merger Commitment**, so that Telecom can advance on a **merger by absorption of Cablevisión**, creating a larger and better positioned company, so as to **offer four-play service**, (fixed telephones + Internet connection + cable TV + mobile telephones by the same operator). The operation is subject to shareholders assemblies and the Enacom approval.

The merger will be based on both Companies' valuations, and will be carried out through a capital expansion from Telecom Argentina, which will be delivered to Cablevision shareholders. Telecom total valuation amounts to US\$ 5,000 M, and Cablevisión, US\$ 6,111 M.

Both Companies believe that this is a necessary step to compete, as of 2018, at the new market with Spanish Telefónica and Mexican Claro, which are larger than them. (> [Nación, 6/30.](#))

### More coments:

- The new company would be the largest in the country and the largest employer.
- Is it estimated that it would hold 36% of the telecommunications market, vs. 30% from **Telefónica** and 25% from **Telmex/Claro**.(Clarín, 7/1.)
- The Kirchners had stopped this operation for years. (Prensa, 7/1.)
- The Government would approve the merger in 3 or 4 months, but it could request disinvestment in Internet or cellular phones. (Perfil, 7/2.)

2) At the end of the month, or beginning of August, **Cablevisión Holding** will become public and trade in **Buenos Aires and London**. (Cronista, 7/3.)

3) **Telefónica Group** is exploring different alternatives for its Argentine business, which include trading at the Stock Market for its local affiliate, and seeking a partner among other operators to share networks. (Cronista, 6/27.)

## INFORMATION TECHNOLOGY and INTERNET

1) Companies across the globe are reporting that they have been struck by **a major ransomware cyber-attack**. A new **global cyber-attack** caused disruption around the world and infected companies in 64 countries, including banks in Ukraine, Russian

oil giant Rosneft, Maersk, Saint Gobain, etc. Malware generally infiltrates networks via email attachments that users click on in error. (BBC.com – 6/27.)

**2) Telefónica** announced it was closing down its news **Terra** portal in most of the countries where it operates, including Spain and Argentina. (Clarín, 6/30.)

**3)** After a seven-year legal battle, European authorities came down hard on **Google** for taking advantage of its dominance in online searches to direct customers to its own businesses, fining the tech giant a record € 2,420 M and raising the prospect of more penalties to several other Google businesses. "What Google has done is illegal under EU antitrust rules. It denied other companies the chance to compete on the merits and to innovate. And most importantly, it denied European consumers a genuine choice of services." (cbs.news.com, 6/27.)

## INSURANCE

The amount of law suits against the ART- Workers' Risk Insurance Companies regime (labor accidents) in BA Province jumped 104% in May vs. the same month of 2016, a phenomenon that the National Government and insurance companies attributed to the BAP Legislature delays to adhere to the reform system approved by Congress. At a national level, the May increase was 20% year-on-year. (Cronista, 6/27.)

## BANKS and FINANCING

**1) Banco Nación** will place \$ 60,000 M in credits this year, for which it will seek to reduce its Lebac holdings, which reached \$ 130,000 M at the beginning of this year. The Bank's president, Javier González Fraga, detailed that, to reach that figure, it will have to grant financing for \$ 35,000 M until year's end, with mortgage lines, pymes, and other. Besides, it will launch, in one month, it will launch a **new mini-pymes line**. (Cronista, 6/29.)

**2) International.** Argentina joined the **Asian Infrastructure Investment Bank (AIIB)**. Argentina joined Bolivia, Brazil, Chile, Peru and Venezuela to become the sixth Latin American member of the one-and-half-year-old multilateral financial institution, fostered by China, in what is considered to be proof of the AIIB's growing influence in Latin America, as the bank projects itself onto the global scene. (Mercopress, 6/17.)

**3)** The Italian government is taking control of troubled bank **Monte dei Paschi di Siena** –the oldest bank in the world- and will try to relaunch it in a plan that includes disposing of a massive € 28,600 M in bad loans. The Italian government will inject 5.4 billion euros into the bank, giving it a 70% stake.

It is the third capital injection in recent years for the bank, Italy's third-largest, as it struggles to recover from poor management and a heap of bad loans that compounded during Italy's long economic crisis. (AP, 7/5.)

## CAPITAL MARKETS

**1)** Last June, the Merval receded **1.95%**. During the year, it accumulates a 29.5% increase. In six months, there are 8 companies that have made between 243% (Boldt) and 112% (Grupo Concesionario del Oeste).

**2)** The peso weakness had, as a direct consequence, that the peso-denominated bonds are weaker than dollar-denominated bonds.

**3)** Investment in Argentine securities obtained, in the first semester, average profits that were close to **25% in dollars and 30% in pesos**. For those that invested on energy companies, profits surpassed **10% in dollars**. (Nación, 7/3.)

### Forex

**4)** Last Friday, the official retail dollar advanced 13 cents at the local market, and closed June and the first half of the year with a new record: \$ 16.88, continuing the uptrend.

**5)** The last two weeks dollar increases continued last Monday and yesterday. The retail dollar closed at **\$ 17.18**, a new record – in the midst of a **strong demand for portfolios dollarization**, and the wholesale dollar at **\$ 16.94**. (Ámbito, 7/4 and 5.)

On 7/3/2017 (Ambito.com – 3/17.)	
Official dollar (retail)	<b>\$ 17.06</b>
Official dollar wholesome	<b>\$ 16.65</b>
Parallel dollar	<b>\$ 16.91</b>
Parallel / Official dollar gap	<b>-0.1%</b>
"Fleeing" dollar/ Liqui	<b>\$ 16.84</b>
Market Dollar /MEP	<b>\$ 16.83</b>

On 7/4/2017 Ambito, 7/5	
Official dollar (retail)	<b>\$ 17.18</b>
Official dollar wholesome	<b>\$ 16.93</b>
Parallel dollar	<b>\$ 16.96</b>
Parallel / Official dollar gap	<b>-1.2%</b>
"Fleeing" dollar/ Liqui	<b>\$ 16.84</b>
Market Dollar /MEP	<b>\$ 16.83</b>

- 6) This increase is generated by the **re-conversion of peso portfolios** to dollar instruments - a traditional Argentine move before the elections. Brazil's President uncertain situation is also influential. (Prensa, 7/1.) The increase is due also to a lower agriculture exports supply, which in the entire week, liquidated dollars for a total of only US\$ 478 M. (Ambito.com, 7/3.)
- 7) During June, the US dollar advanced **2.74%** - half of all that increased this year (5%). The peso devaluation is even stronger vs. the euro. In two months the euro forex jumped from \$ 16.20 to \$ 18.87, a 16.5% increase (El Economista, 6/30.)
- 8) The dollar is increasing due to a **delayed price**, and is harming those that acquired Lebac this month – they won vs. inflation, but lost vs. the dollar. (Clarín, 6/30.)
- 9) Peso depreciation during June reached 3.43%. Only the Colombian peso devaluated more (5%). The R\$ lost 1.7%; Mexican and Chilean pesos, and the Peruvian Sol appreciated 2.8%, 1.3%, and 0.9%, respectively. (Cronista, 7/3.)

### Country risk

- 10) The EBI+ rated by J.P. Morgan closed at **430 bp** last Friday and Monday (Ámbito, 7/3 and 4.)

### Lebac and interest rates.

- 11) The BCRA sold Lebac at the secondary market yesterday, at a **25.80% annual rate**. It is higher than the rate used in the last Lebac bid tender, a **signal that it is going to increase its reference interest rates**. (Ámbito, 7/5.)

One week ago BCRA informed that it decided to maintain, without changes, its **monetary policy rate at 26.25%**. Although it was estimated that June inflation will be similar to May's, these results are still higher than what Banco Central wants. (Nación, 6/28.)

### Debt

- 12) **The 10-year rate of U.S. T-bills** has passed from around 2.60% last December 2016 to **2.12% currently**, losing 50 basis points. This scenario favors the emerging bonds in general, and Argentina in particular. Since March, 2017 Bonar 46 has compressed 75 bp of spread, increasing 9.1%; it currently yields 7%. The Bonar 2026 has compressed spreads close to 100 bp, currently yielding 5.92% vs. 6.9% last March. (Cronista, 6/27.)

- 13) **Córdoba Province** placed a bond for US\$ 450 M at the international market, 10-year term, **7.125%** rate. (Clarín, 6/30.)

### Equity

- 14) In July, the portfolio of shares that determine the **Merval Index** was updated. The electricity and gas companies' shares (31% of the total) will have more weight. (Prensa, 7/1.)

- 15) The CNV already approved the name change of the VALO share to **Grupo Financiero Valores**, whose leading asset is the **Banco de Valores**, and with this it is closer to be able to trade. (Cronista, 6/29.)

### Other

- 8) The Argentine peso is falling, in the midst of a global scenario of strong forex unevenness, centered on the relationship between the Euro and the dollar. The Euro jumped to **US\$ 1.144** (last December it seemed to be close to US\$ 1). With inflation signals, it was estimated that the **EU Central Bank** would cut down its monetary stimuli, which caused a strong fall of Italy, Spain, France, and the United Kingdom securities. (El Economista, 6/30.)

## FOREIGN TRADE AND INVESTMENTS

**Argentina is only competitive as far as agriculture is concerned.** **Marcelo Elizondo** indicated that, from 2010 to 2016:

- **Primary products** exports were maintained at some US\$ 15,000 M annual.
- **Agriculture origin exports** (MOA) increased (in 2016) to somewhat more than US\$ 23,000 M. Adding primary products and MOA amounted to 55.5% of goods exports in 2010, and increased to 675% in 2016.
- **There is a US\$ 7,000 M fall of industrial manufactures exports** in the same period. This is due to competition problems, and the lower demand from its main market, Brazil.
- There is also a drop in **fuels and energy** (from some US\$ 4,500 M) and a slight drop (US\$ 500 M) of services exports. (Prensa, 7/2.)

## MISCELLANEOUS

- 1) Macri told the Middle-sized Companies Confederation (**CAME**) that "every year we will be a little better."

The current Confederation conduction, headed by Fabián Tarrío, is friendlier with the Government than the one conducted by retired Osvaldo Cornide. (Nación, 6/30.)

2) **Narcotics Trafficking.** More than 2,000 Gendarmerie and Federal Police personnel burst into the **1-11-14 shanty town**, in BA City. It was an important hit against the Peruvian and Paraguayan gangs that operate in that settlement (30,000 inhabitants). The forces confiscated 504 marihuana kg and 50 cocaine kg, arrested 18 people and also got hold of weapons and explosives [according to Prensa, “used by the Colombian guerrilla”]. (Nación, 7/1.)

3) **Agenda.** Ambassador Eduardo Sadous will be Ambassador to Paraguay. (Prensa, 7/2.)

**Sources:** [Ámbito Financiero](#), [BAE](#), [Buenos Aires Herald](#), [Clarín](#), [Cronista](#), [El Economista](#), [Infobae](#), [La Nación](#), [La Prensa](#), [Página/12](#), and [América Economía](#) newspapers, other local and Mercosur media – [El País](#) and [El Observador](#) /Montevideo, Uruguay; [Folha](#), [Jornal do Brasil](#), and/or [Radiobras](#) / Brazil; [El Diario](#), [Estrategia](#) and [El Mercurio](#) / Santiago, Chile; Paraguayan and Bolivian media (mainly [ABC](#) / Asunción and [Los Tiempos](#) / Cochabamba), financial and business newsletters and Web sites and own sources.

**ArgenMedia - Weekly Business Review** is edited by ArgenMedios SRL. Publisher Horacio Jannelli. English Editor Helena Imperiale. Registered trademark. **Circulation and partial or total reproduction is authorized only within the subscribed companies.**

---

#### ARGENMEDIOS SRL

Emilio Mitre 515 - C1424 AYK Buenos Aires, Argentina - Tel. /Fax: (054 11) 4432 0094 - 4432 2512

E-mail: [argenmedios@argenmedios.com.ar](mailto:argenmedios@argenmedios.com.ar) - Web site: [www.ARGENMEDIOS.com.ar](http://www.ARGENMEDIOS.com.ar)

# MERCOSUR and UNASUR

1) The **European Union Trade Commissioner** Cecilia Malmström said Monday in Madrid that the EU bloc “hopes to announce a political agreement for this Christmas in Buenos Aires” with **Mercosur** “even though technical aspects remain to be discussed.”

- **Uruguayan President Tabaré Vázquez** said he is “confident” that the main achievement this year will be the free trade agreement with the European Union. (Mercopress, 7/4 and 5).

2) **US Vice President Mike Pence** announced he will be travelling to Colombia (Cartagena and Bogota), Buenos Aires, Santiago de Chile and Panama City on August 13-18. (AmericaEconomia, 7/4.)

## BRAZIL

1) The **criminal demand against President Temer** is now before the Lower House Constitutional Matters and Justice Commissions, where it will be debated in the next two weeks, before it is passed on to the entire House. Observers doubt that Temer will be judged by the Court. For this to happen, the backing of two-thirds of the Lower House is needed for the corruption denounce to be considered by the STF. (Nación, 7/1.)

If it were accepted, Temer would be suspended from his functions during 180 days. (Cronista, 6/27.)

2) **Corruption.** **Antonio Palocci**, former Economy Minister, former Rousseff’s Cabinet Chief, and ex PT strong man, was condemned to **12 years in prison** for passive corruption and laundering. Palocci acted in favor of Odebrecht to guarantee the Company Petrobras contracts, and, in exchange, he developed a macro-corruption scheme. (Nación, 6/27.)

3) The Brazilian police have arrested **Geddel Vieira Lima**, a close ally of President Michel Temer as part of a corruption investigation into state Caixa Economica Federal, a government-controlled bank. Prosecutors say Mr Vieira Lima tried to block investigations. (Mercopress, 7/5.)

4) **Economy.** Treasury Minister Meirelles lowered growth perspectives for 2017 **below 0.5%** (vs. a previous official estimation amounting to 1%) – and assured that it will be positive. (Prensa, 6/29.)

5) **The automotive market recovers.** The sales of brand new cars in Brazil went up 3.65% in the first half of 2017 compared to the same period 2016 and crossing the psychologically significant 1-million-unit mark. The National Federation of Automotive Vehicle Distribution reported 1,019,400 new cars and light passenger vehicles sold from January to June. Car dealers expect to sell a total of 2,13 million vehicles in 2017, a 3.8% annual increase year-on-year, after four years of failing results. In the market of heavy transport vehicles, such as lorries and buses, the numbers dropped 13.8%. (Mercopress, 7/5.)

6) **Infrastructure.** The Government is receiving projects of interested businesspersons in financing of the “Brazil-China Cooperation Fund for the Expansion of Productive Capacity.” Launched in 2015, it has US\$ 15,000 supplied by China and US\$ 5,000 M by Brazil). There is a difference between this Fund and the other 15 offered by China, because this one has joint administration. (O Estado S. Paulo, 6/26.)

7) **Other.** Brazil went through a second general strike last Friday's, called for by labor unions against the economic reforms President Michel Temer intends to bring about. There were mobilizations in the country's 27 states to protest, in a peaceful way, against the liberal-led reform package of reforms which includes tough fiscal adjustments and changes to labour laws particularly regarding wage bargaining, and pensions.

However, businesses were nearly unaffected in major cities. Neither the political earthquake unleashed since last May, nor the controversial economic reforms undertaken by the Executive managed to bring the country to a complete stop.

**(A Brazilian outlook).** The reform package, praised by employers and strongly criticized by unions, has been put on stand-by in Congress since the scandal that threatens Temer's continuity in power of Temer.

The president, who has reiterated that he will exercise his mandate to its last day on January 1, 2019, is also under investigation for the crimes of obstruction of justice and illicit association, which could lead to new lawsuits against him. The suspicions about Temer are based on the revelations to Justice of several executives of the JBS group, who have pointed fingers at him saying he has accepted bribes since 2010 and they submitted audio recordings which seem to back those allegations.

Since the outbreak of the scandal, uncovered last May 17, the president has lost the support of several minority parties with parliamentary representation and even the opposition and some lawmakers of his own party have asked for his immediate resignation and hampered the process of the aforementioned reforms .



The labor reform is a step closer to entering into force and only needs to be approved by the Senate before being sanctioned by the president, while that of the pension system is paralyzed in the House of Deputies, which must also decide on whether to move forward with Temer's impeachment, for which two-thirds of the are required.(Mercopress, 7/1.)

## CHILE

---

Last Sunday, at the primary elections, former President Sebastián Piñera was elected Presidential candidate of "Chile Vamos," and **Beatriz Sánchez**, representing the Frente Amplio, non-official left. They join the candidates that will go directly to the first round: Senators **Alejandro Guillier** (Socialist, Radical, Communist, Partido Por la Democracia, MAS, and Izquierda Ciudadana parties) and **Carolina Goic** (Democracia Cristiana). (Nación, 7/3.)

## URUGUAY

---

1) Tabaré Vázquez wishes to enter, as an "Associated State" to the **Alianza del Pacífico** trade bloc, which could be carried out before year's end. (El País, 6/28.)

2) Starbucks Coffee will open its first branch in Montevideo at the beginning of 2018. The chain already has 841 stores in Mexico, Argentina, Chile, and Colombia. (Observador, 6/27.)

## VENEZUELA

---

- In a new escalade in the polarized Venezuelan society, Maduro affirmed that the Chavez followers will never surrender, and what cannot be obtained through votes, it will be obtained "with weapons." (Nación, 6/28.) Thus Maduro admitted that the Chavez party, facing the worst political, economic, and social crisis, is sustained in power through Military support.
- Last Saturday, there were another 4 people dead through weapons at the protests against Maduro; there have been already 87 people dead. (Prensa, 7/2.) People that were wounded are more than 850.
- Mesa de la Unidad Democrática (MUD), Venezuela's opposition coalition, is getting ready to resist in the streets and in an organized way the Government's intentions to convoke a Constitutional Assembly. (Observador/Montev., 7/3.)

## COLOMBIA

---

The Colombian Revolutionary Armed Forces (**FARC**) leader, **Rodrigo Londoño** (alias **Timochenko**), proclaimed the *end of the armed conflict* (he should have said, of the guerrilla attacks against the Constitutional Government) that, during 53 years, which seriously hurt the country during 53 years, by officially giving up more than 7,000 personal weapons that the guerrilla organization had.

President **Juan Manuel Santos**, celebrated the "real and irreversible peace". However, several aspects of the process still generate disputes. (Nación, 6/28.)

---