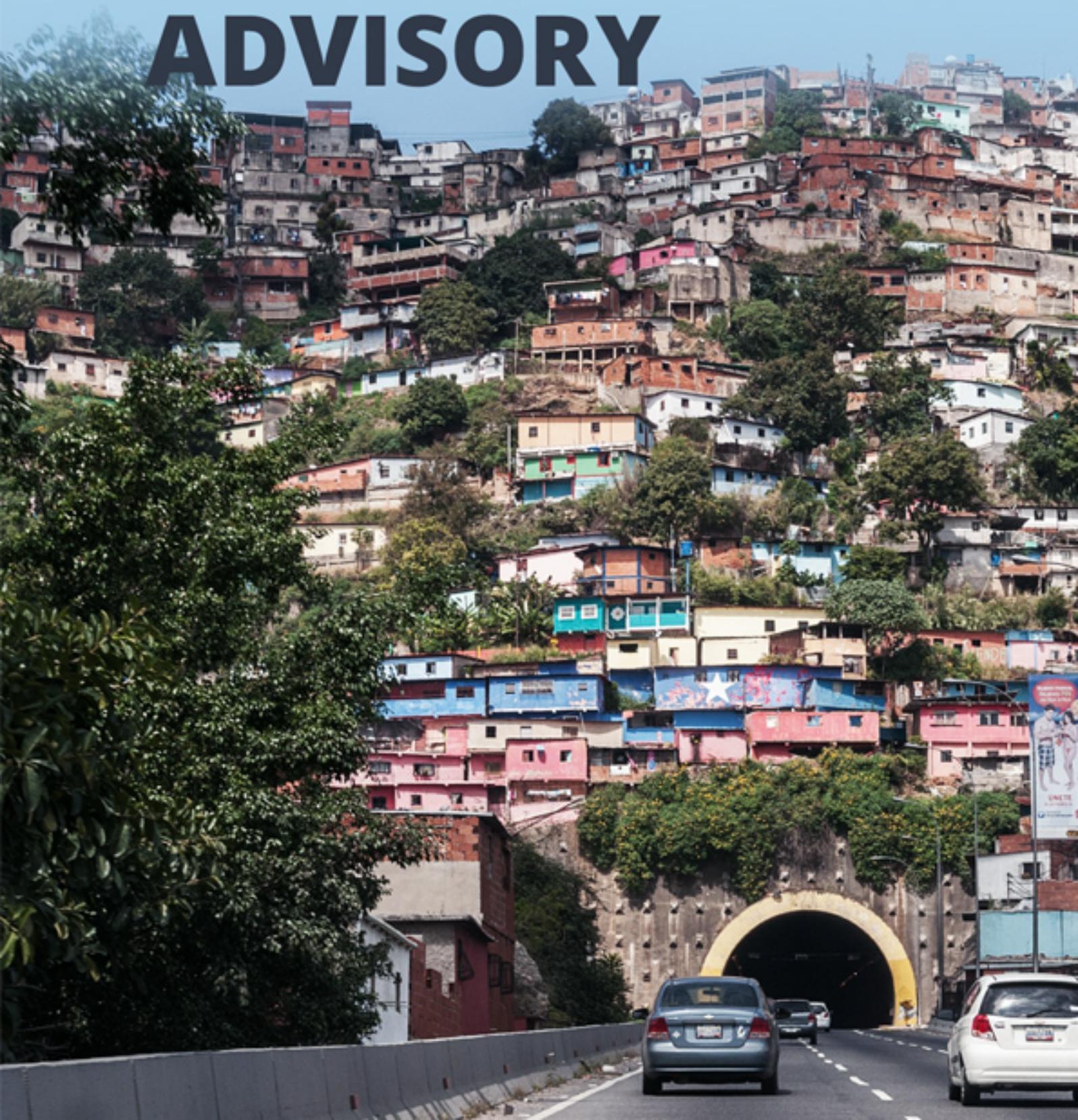


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Fuel Protests Cause Significant Disruption in Brazil

KEY POINTS

- Rising fuel prices triggered a nationwide truck drivers' strike which began on 20 May 2018.
- The Brazilian government claimed that an agreement with unions was reached on 27 May, however, protests continued on 28 May nonetheless.
- Fuel and essential items (including foodstuffs) are currently in short supply in many locations across the country.



SITUATIONAL SUMMARY

Civil Unrest: On 20 May 2018, Brazilian truck drivers began a strike and protest movement which has continued as of the morning of 30 May. 550 road blockages were reported across the country. Many markets and supermarkets have run out of food and numerous petrol stations have run out of fuel. Eight airports have been closed temporarily and seaport activity has been significantly disrupted; public transport has also been severely disrupted. Non-critical hospital procedures have also been



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suspended as have classes in 13 states. 70 million chickens have been culled due to lack of feed in the world's largest exporter of poultry and 300 million litres of milk have gone to waste.

Brazil's government claimed that an agreement was reached with the truck driver's union on 27 May, agreeing to reduce the price of diesel by around 12 per cent (or \$0.12) per litre for 60 days. Truckers began their protest as fuel prices reached \$0.96 or 3.6 reais per litre before the strike, up from \$0.92 (3.36 reais) a litre in January 2018.

SOLACE GLOBAL COMMENT

Brazil's economy has been crippled by the ongoing strikes and protests. The aforementioned agreement with the government does not appear to have alleviated the issue, and those in Brazil can expect the situation to deteriorate further. Many truck drivers have organised in isolation from national unions, significantly complicating the government's efforts at engineering a successful resolution.

Additional pressures are likely to stem from oil workers' plans to strike for three days beginning on 30 May in solidarity with the drivers' strike (though the government is seeking a Supreme Court ruling to declare this illegal). The Frente Brasil Popular (Popular Brazil Front) and Povo Sem Medo (People Without Fear) civil groups have also called for a nationwide day of protests on 30 May. These groups have demanded a reduction in the price of fuel, the resignation of Petrobras President Pedro Parente, and the holding of new, free national elections.

Considering the likely continuation of the crisis, further shortages of essential goods should be expected. This may lead to a wider breakdown of law and order. President Temer was seemingly forced to withdraw his threat to call in the military to clear the strikers from highways as the military reportedly lacked the necessary fuel to carry out the operation, while simultaneously providing policing in Rio de Janeiro, protecting fuel distribution centres, and escorting fuel tankers.

Despite originating as a protest over fuel costs, a number of truck drivers appear to hope that their movement leads to wider changes within Brazilian politics and society. A number of strikers report that their protest is in opposition to bribery and corruption scandals which have blighted the country over the past few years. This is likely the reason why a fuel price deal between the government and the main drivers' union has proven ineffective at ending the strike. President Temer has been dogged by a series of corruption allegations since taking office in August 2016, only going from vice-president to president when his predecessor, Dilma Rousseff, was removed on corruption charges. Brazil is due to go to the polls in October 2018, with corruption and transparency likely to be high on the political agenda.

There are murmurings in some fringe sections of society about the value of the return of military rule, with some hoping that a coup will be launched by the military. This is a sensitive proposal for a country which lived under a brutal dictatorship for 21 years, during which time hundreds of regime opponents were killed. The military has been keen to avoid any involvement with the politics of the strike movement and President Temer has downplayed any suggestion of military involvement in politics. A revolution or an end to the Temer presidency seems unlikely at this time. The country is only a few months out from general elections in which Brazilians will choose their new leaders and current polls suggest that only 15 to 20 per cent of people would favour a return to military rule. Moreover, Brazil financially has room to manoeuvre. The country maintains healthy reserves and only has a small current account deficit at present.

This strike and related protests highlight key issues with Brazil and the state of the Brazilian economy; the country has been brought to its knees in a relatively short space of time by the activities of just one sector of the economy. The strike is set to impact Brazil's economic output in this quarter after it only recently returned to growth following a devastating recession. It will also impact



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the rhetoric of economic stability which President Temer has been lauding to encourage the return of investors. The strike by truck drivers is likely to embolden the trade union movement in Brazil, possibly leading to further protests and strikes as workers demonstrate the weakness of the lame-duck Temer administration. Many commentators have argued that a new administration is needed to reassert authority in the country and provide it with much-needed stability.

SECURITY ADVICE

HIGH CIVIL UNREST RISK



Those with travel plans to Brazil should consider delaying their trips until this situation is resolved. The crisis may impact the ability for travellers to get around and there may be a knock-on effect on security in the country. It is important that all travel plans are confirmed if travellers do travel to Brazil, as flights and road travel have been impacted by this crisis. While travelling in the country, extra time should be allowed for journeys due to disruption.

Travellers should stay updated on potential unrest within their vicinity. All protests should be avoided as there is a significant potential for violence and Brazilian security forces have previously been accused of using overly forceful measures to break up protests. Those within the country should also stock up on non-perishable goods if possible.

For most travel to Brazil, Solace Global would advise clients to employ the minimum of an airport meet and greet and a locally-vetted driver for all travel. It is advisable that this level of security is increased for other areas of the country or for specific client profiles. Travellers are also advised to use travel-tracking technology with an intelligence feed. This should enable a traveller to be alerted of any security updates within their vicinity and to update others of their movements in case of an emergency.



Solace Global remains available to provide the full range of Travel Risk Management services to clients. Solace Global is also able to provide comprehensive crisis management, in-country journey management, tracking, response, and evacuation services. For further details please contact +44 (0)1202 795 801 or email sgr@solaceglobal.com