

Temer Government Reveals Plan to Sell Off Part of Eletrobras



Brasilia, August 25 (RHC)-- The Brazilian government is planning to sell off part of its stake in Eletrobras, the hydroelectric power generation company that produces 40 percent of Brazil's electricity. The Ministry of Mines and Energy justified the plan by saying that "democratizing" the company on the stock exchange would make it "more competitive and agile."

Critics immediately denounced the move as another part of the government's attempt to tackle its public spending deficit of almost \$50 billion by cutting social welfare and privatizing public assets. The leader of the opposition Workers' Party, or PT, in the senate, Lindbergh Farias, denounced the sale of Eletrobras as "a crime against the nation."

Eletrobras is the biggest electricity utility company in Latin America and the tenth biggest in the world. Through its subsidiaries it owns almost half of Brazil's generation capacity, most of it from hydroelectric power plants, and it controls 69 percent of the country's electricity distribution. The company was set up by the left leaning president, Joao Goulart, in 1962. The Brazilian state currently owns, directly and indirectly, just over 56 percent of its shares. The rest are traded on the Sao Paulo stock exchange, as well as on the New York and Madrid stock exchanges.

The Ministry of Energy has not said how much of the government's stake it wants to sell. It did say the sale would follow the pattern set in selling state shares in Brazil's leading aircraft manufacturer, Embraer,

and the iron mining giant, Vale. It insisted the government would retain some shares and a power of veto over strategic decisions.

According to the ministry, the problems at Eletrobras result from 15 years of inefficiency, and "have cost society almost a quarter of a trillion dollars."

After winning a vote in Congress early this month to block corruption charges against him, Brazil's president, Michel Temer, promised to accelerate his program of reforms. These include reductions in labor and pension rights, cuts to anti-poverty programs, and the rolling back of land rights for Brazil's Indigenous and Afro-Brazilian communities.

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