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Brazil – Security Risk [Stand 01.06.2014]

Summary

After several years of economic growth and political stability, civil unrest stemming from socio-economic discontent will remain a serious concern ahead. Widespread protests will continue against government corruption, inflation and large spending on the 2014 FIFA World Cup and 2016 Rio Olympics. However, the government is expected to remain stable and its conservative fiscal policies will likely continue. This will see deficits kept under control and debt reduced, but the economy will remain vulnerable to external conditions. The modernisation of Brazil's infrastructure is a key government priority, while the regulatory system will likely remain sluggish and obstructive on occasion. There is no recent history of nationalisation and the risk of confiscation, expropriation and deprivation is considered to be low. The risk of crime is high, particularly in urban areas. Brazil maintains friendly relations with neighbouring countries and thus, any external conflict is highly unlikely.

Current Analysis

Internal Conflict

As a very large and diverse country, there is precedent for internal tension in Brazil, although recent advancements in political plurality and social welfare have gone a long way towards tempering these.

Tensions over environmentally sensitive or indigenous land have become very high profile in recent years, with the best known example being that of the Belo Monte hydroelectric dam project. Such protests often become violent and demonstrations can be highly disruptive. The regulatory framework in cases such as these can be of variable reliability, which has caused considerable frustration and confusion amongst the parties concerned. The ministry dedicated to the protection of indigenous rights – the Fundação Nacional do Índio (FUNAI) – seeks to pre-empt and avoid these conflicts where possible, although it is not always successful.

Land rights also provoke violent confrontations between large landholders and local, indigenous populations. Several land campaigners have been murdered in recent years and confrontations often become violent. Government control over disputes of this nature seems to be relatively limited. Tensions surrounding land rights and any construction projects, especially for energy interests, are likely to continue to provoke confrontations – some of which will turn violent – although it is unlikely to cause widespread instability.

Crime

The risk of crime in Brazil, especially in urban areas like Rio de Janeiro, Sao Paulo and Brasilia is moderate to high. Relative to neighbouring countries the crime rate is low, and government securitisation initiatives have served to significantly reduce the crime rate in the cities in recent years, but violent crime such as murder, rape, kidnapping, armed robbery and carjacking are still relatively common in certain areas.



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Crimes such as these predominately affect nationals, but given the indiscriminate nature of many attacks, visitors will not be immune from the dangers. The risk of crime escalating rapidly is high, given the relative ease with which arms can be obtained, and as such, no resistance should be offered by those that are confronted.

The risk of kidnap for ransom, particularly express kidnap, is significant. These often occur near cash machines or in unlicensed taxis, although express kidnappings in licensed cabs also occur. Kidnappers are often armed, will threaten violence, and have in some cases, sexually assaulted victims.

The Triple Frontier region is heavily associated with organised crime. Groups operating in this region are known to engage in drug trafficking, human trafficking, counterfeiting and arms smuggling, generating billions of dollars each year in illicit funds

Civil Unrest

The risk of civil unrest is fairly high. Brazil's relatively new, and rapidly growing middle class has become, in conjunction with the country's rapid rise and the aspirations this has engendered, increasingly politicised. In June 2013, widespread dissatisfaction over price rises, social services, perceived levels of corruption and income disparity led to mass, nationwide, urban protests. With the situation likely to remain exacerbated by anemic economic growth, rising inflation and media coverage for at least the year to come – sporadic civil unrest is likely to continue, and may escalate rapidly. Underlying tensions associated with crime and racial discrimination also exist, but they are less likely to cause civil unrest.

Projections

- Civil unrest stemming from socio-economic discontent is likely to remain a serious ongoing concern, although demonstrations are unlikely to result in political and/or economic destabilisation.
- Kidnap for ransom and violent crime will remain a concern for those travelling in the country's cities.
- In large part, ongoing investment in social welfare and the determined training of pacification units will see violent crime in favelas fall, although questions surrounding the long-term sustainability of these programmes will remain.

Brazil Country Risk Rating AKE22

AKE's Risk Rating was developed by AKE Intelligence for the insurance market. See also our World Risk Map

http://www.globalintake.com/world_risk_map.php

