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Brazil ruling party treasurer arrested in Petrobras scandal

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“The advice I give to foreign companies is to play by your home rules or you’re going to get your fingers very badly burnt,” says Mr Jenkins. Given the recent 2014 World Cup and the upcoming 2016 Olympics, it would not seem too great a stretch for the DOJ or SEC to begin to look at US companies with significant amounts of commerce with and in Brazil.

But not everything is external. The country suffers from an accumulation of several internal imbalances as well. All these things combined ended up fueling a rapid devaluation of the real. That was down from a 1.9 per cent surplus in 2013. An overall budget deficit was 344 billion real (112 billion dollars), or 6.7 per cent of gross domestic product. This approach, while not without precedent across the region, could be problematic for Brazil, as the government finances are in a state of “general deterioration” and the current administration is in the middle of its own corruption scandal.

Consumer spending offset declines in investment and industry in the quarter to the end of December.

Traders are already reporting firm interest in BBVA Colombia’s Tier 2 offering as it wraps up roadshows this week. A study of parking tickets by US academics Raymond Fisman and Edward Miguel, for example, showed that Brazilian diplomats outperformed all other nationalities in Latin America in their abuse of parking privileges in New York City.

Pedro Barusco, a former Petrobras employee, testified against Mr. Vaccari last month as part of his plea bargain deal.

The company has launched a EUR1bn seven-year tranche at 165bp over mid-swaps and a EUR1.25bn 12-year note at 225bp over mid-swaps.

But why does this corruption scandal matters so much?

She has denied any knowledge of the multibillion-dollar bribery and kickback scheme, which has tarnished the company’s financial standing. Tough.

The economy may fall into recession this year, given that unemployment is rising, inflation is above the central bank’s target range, the borrowing cost is high and consumer as well as business confidence has declined to a record low.

So, it will be hard to see the company reaching its goal to boost production to 5 million barrels a day by 2018.

Subsalt deposits refer to an area in Brazil’s Santos and Campos basins where large oil discoveries have been made deep beneath the seafloor under a layer of salt.

Brazilian law sets no limit to how long those under preventative arrest can be detained. Almost no one else is big enough.

Around 50 politicians suspected of benefiting from the corruption scheme, most of them allies of Rousseff, also are under investigation, including the heads of both houses of Brazil's Congress.

Private consumption kept the economy from falling into recession last year.

Could the Brazilian currency appreciate then? "There are markets where it is humanly impossible to play by the book because the bureaucracy that has been created is so insuperable," says Insper's Professor Camargo.

Folha de S.Paulo newspaper quoted Moro as suggesting the arrest order was prompted by worries that Vaccari, who is still treasurer of Rousseff's party, might be able to influence the investigation.

Although investigations in the short run are bad for the country, in the long run they can turn out to be fruitful.

The witnesses accuse Vaccari of transporting backpacks full of Petrobras cash, illegally using bank accounts in his relatives' names, meeting with black-market financiers and funneling illicit funds to the PT.

