

# Deadlock over Iranian cargo ships exposes deep crisis of Brazilian ruling class

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The deadlock over whether to fuel two Iranian cargo ships stranded in southern Brazil has further exposed the sharp contradictions facing the country's ruling establishment amid its violent turn to the right that culminated in the election of the fascist president Jair Bolsonaro.

The two Iranian vessels, the *Bavand* and the *Termeh*, were docked from early June to July 27 at Paranaguá, in the southern state of Paraná, the country's third largest port, until finally receiving the fuel needed for their return journey.

They had been chartered by the Brazilian company, Eleva Química, having brought in loads of urea, a petrochemical product used as fertilizer, and set to return to Iran loaded with 100,000 tons of Brazilian corn.

Petrobras, Brazil's state-run oil company, however, declined to supply diesel to the ships out of fear of US reprisals. According to *O Globo*, the basis for the decision had been a specific communication by the US government to Brazilian authorities that the importation of urea from Iran is subject to restrictions unilaterally imposed by Washington and companies and ports that facilitate its trade could be subject to sanctions. The conspiratorial character of the decision, which the government could not justify on the basis of international law, but only by invoking the "US communication," unleashed a court dispute that revealed the increasing breakdown of the Brazilian political system.

After Petrobras' refusal to fuel the ships, the Paraná state justice covering the city of Paranaguá initially granted an injunction to Eleva Química forcing Petrobras to supply fuel to the vessels under penalty of a daily fine. In response, both the Brazilian Attorney General's Office and the Brazilian Solicitor General's Office—the latter acting in defense of the Bolsonaro government—appealed the injunction. The brief by Attorney General Raquel Dodge revolved around the Foreign Ministry's argument that supplying the fuel would be detrimental to Brazil's strategic interests and diplomatic relations.

Two days later, questioned about the issue, Bolsonaro answered contemptuously: "You know we are aligned with their [US] policy. So we do what we have to do."

Finally on July 25, Supreme Court President José Antônio Dias Toffoli ordered Petrobras to supply fuel to the vessels. After presenting the argument that the commercial operations

of exporting corn to Iran by Eleva Química, would not be subject to sanctions by the US authorities, he added that doing so under a court order would facilitate Petrobras's defense in face of threats from Washington. Most remarkable, however, was Toffoli's open reference to the strategic interests underlying the dispute, including the argument that Petrobras' refusal to fuel the vessels would damage Brazil's trade balance, as Iran is a major trading partner, responsible for one-third of the exports of Brazilian corn.

Toffoli's decision, taken one day after the Iranian ambassador to Brazil, Seyed Ali Saghaeyan, said he had briefed Brazilian authorities on imminent retaliation unless the ships were fueled, is another clear sign of the breakdown of the Brazilian political system. This tendency had already been exposed in previous cases, such as in the deadlock that led Bolsonaro to retreat from his promise to transfer the Brazilian embassy in Israel from Tel Aviv to Jerusalem, a gesture that threatened to unleash economic retaliation by Arab countries.

Having as a backdrop the unilateral breach by the US government of its nuclear agreement with Tehran, followed by economic sanctions and a military buildup that threatens to push the world to the brink of a third war, the row is also revealing the extent of the breakdown of the so-called "nationalist" policies introduced under the governments of the so-called Pink Tide in Latin America under conditions of the China-fueled commodities boom.

For years, the Workers Party (PT) extolled the role of former president Lula da Silva in convincing Iran to enter negotiations with the United States, going so far as to claim that the nuclear agreement imposed by the US and the other major powers on the country would not have been signed without the intervention of Brazilian diplomats.

At the time, while posing as an "anti-imperialist" force against US hegemony, the Brazilian government was consciously acting in coordination with Turkey, then a key ally of Washington, to legitimize US imperialist interests. With utter hypocrisy, Lula's former foreign minister, Celso Amorim, was, as late as April 2019, writing in the Argentine daily *Página 12* to extol Lula's role in guaranteeing US imperialism's strategic interests in the Middle East as one of the motivations for awarding him a Nobel Peace Prize.

Bolsonaro's order regarding the Iranian ships was clearly designed to cause an uproar and signal the violent realignment of Brazil's foreign policy with US imperialism. It is no accident that at the center of the controversy was the state-run oil giant Petrobras, whose dismantlement has been vastly accelerated since 2013 under the governments of Dilma Rousseff, Michel Temer and now Jair Bolsonaro.

After the PT government of Rousseff declared virtual martial law in the state of Rio de Janeiro, dispatching over 1,000 Army troops to stop Petrobras workers from protesting the first pre-salt oil block auction, Bolsonaro has now declared he will pursue the breakup of Petrobras monopolies over oil refining and the distribution of both natural and liquefied petroleum gas.

The new Bolsonaro-appointed head of Petrobras, meanwhile, has reached an agreement with the country's anti-trust agency CADE—part of the Justice Ministry—promising to privatize no less than 50 percent of its refining capacity and leave the gas transport sector entirely by 2021, supposedly in exchange for CADE not pursuing anti-trust measures against the company. On June 6, the Supreme Court voted to authorize the company to sell subsidiaries without even seeking the highest bidder in a public procurement.

Since the 2013 right-wing shift by Rousseff and later the uncovering of the massive corruption scandal centered at Petrobras by the so-called Carwash operation, the dismantling of the company has been a key objective of the country's bourgeoisie amid its rapprochement with US imperialism. This has been justified in part under the pretext of dismantling the corruption schemes.

After the sale of two major pipelines to foreign capital since April, and amid the row with Iranian ships on July 23, Petrobras ceded control of its gas station subsidiary, BR Distribuidora, selling half of the 70 percent of shares it owned for 9.6 billion reais (\$2.5 billion). The next steps include the sale of refineries and "Liquigás," which operates in the bottling, distribution and marketing of liquefied petroleum gas. In the end, the government's aim is to limit Petrobras solely to offshore oil exploration and production—the most risky and costly of its activities—which is the least attractive to foreign and private national capital.

This string of measures has only motivated the official opposition led by the PT to deepen its orientation to supposed military opponents of the Bolsonaro administration. Amid the public outcry regarding Bolsonaro's alignment with the US on the key issue of Iran, the PT's mouthpiece, *Brasil247*, reproduced in its typically sycophantic fashion a column by self-styled "nationalist" pundit Luís Nassif that extolled minor tactical reservations within the Army command to Bolsonaro's policies as the beginning of a "reaction" against the US alignment. Under the headline "Nassif says the Army may react to Bolsonaro's dismantlings," the article quotes his analysis, based on the editorials of the Army mouthpiece *DefesaNet*, that the Army is worried about "national security risks" posed by

the striking down of "social policies." This, it claimed, was leading the Army toward agreement with the opposition, which would in turn lead the opposition to rally behind the military.

Nassif goes on to say that Bolsonaro is "scorned by the modern and democratic wing of the army, represented by General Santos Cruz, who considers Bolsonaro a national danger." It adds that his "subservience" to the United States "has produced discomfort in the High Command." Characterizing military brass as "objective and determined strategists," Nassif echoes former PT presidential candidate Fernando Haddad, who refers to the military as the "adults in the room" that would be able to control Bolsonaro.

With Brazil plunging into a social and political crisis generated by years of recession, with the weight of the crisis being thrown on the shoulders of the working class, the political maneuvers of both the Brazilian ruling class and its pseudo-left apologists is toward the imposition of authoritarian methods of rule.

To the extent that they denounce Bolsonaro, the pseudo-left's comments reveal that, just like the Armed Forces, it is in order to allow the ruling class to fulfill its goals without "security risks," that is, the eruption of mass social opposition.

As Brazilian workers and young people enter the struggle against the Bolsonaro government and move to the left, sections of the upper-middle class, the bourgeoisie and their political representatives are turning sharply to the right, towards repression and dictatorship. The only way out of the bottomless pit being prepared by the ruling establishment is through the mobilization of an independent political movement of the working class against Bolsonaro and the capitalist system that he, together with the PT and its pseudo-left satellites, all defend.



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