

Brazil reaches deal with hauliers to suspend fuel strike

The Brazilian government has reached a deal with haulage companies to suspend protests over high diesel prices.

The protests will be halted for 15 days, the government announced, as it promised to scrap fuel taxes and use subsidies to maintain a 10% reduction in pump prices announced on Wednesday.

Hauliers organised the protests, which have jammed roads nationwide over the last four days.

Lorry drivers however have not yet confirmed if they will accept the deal.

One major union representing 700,000 lorry drivers left negotiations before the government announced the compromise, and says it plans to continue with the strikes.

Long queues have formed outside petrol stations and some companies have told employees to stay at home on Friday.

Shortages of basic goods have been reported across the country. Many airports are running out of fuel.

Diesel prices in Brazil have almost doubled since 2016.

Panic buying

The leading French supermarket chain, Carrefour, has limited the number of items each consumer can buy as road blocks prevented suppliers to refill the shelves.

A fear that the protest might continue for days has prompted consumers to stock up on staples such as bread, rice and mineral water.

Exports have also been affected, as the main highways remain blocked.

Sugar stocks have been reduced to "near zero" in the main ports, according to industry group Unica.

Brazil is the world's largest sugar producer.

The car makers association Anfavea said in a statement that all production lines could come to a halt on Friday.

'Exceptional measure'

Shares of the state-owned oil company, Petrobras, dropped by 15% on Thursday after it announced it was cutting diesel prices by 10% to encourage negotiations.

The company's president, Pedro Parente, said on Wednesday that the lower prices would be temporarily frozen to give time to the government to negotiate with the protest leaders.

Investors reacted badly to the news.

"It's an exceptional measure," said Mr Parente. "It doesn't mean the company is changing its pricing policy."

Fuel prices in Brazil have almost doubled since President Michel Temer took office following the impeachment of Dilma Rousseff in 2016.

Petrobras adopted then a pro-market policy of tracking international oil prices.

Only two of Brazil's 27 states have not been affected by the stoppage.