

Embraer shares dive after Bolsonaro voices wariness at Boeing venture

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President Jair Bolsonaro of Brazil expresses worry about a \$5.2 billion tie-up between Brazilian aircraft manufacturer Embraer and US giant Boeing

Shares in Brazilian planemaker Embraer plunged nearly five percent Friday after new President Jair Bolsonaro voiced wariness about a \$5.2-billion tie-up it is planning with US giant Boeing.

"This merger would be very good but we can't, as is set out in the last proposal, allow everything to be handed over to the other side in five years' time," he said. "That's the worry: this is our heritage."

He added: "We know of the need for this merger, for its (Embraer's) competitiveness, so it doesn't disappear over time."

Bolsonaro, who took office this week, made the comments as he visited an air force base.

The remarks immediately weighed on Embraer shares, making it the biggest loser on Sao Paulo's stock market.

Embraer is the third-largest aircraft manufacturer in

the world. It was privatized in 1994, but the Brazilian government retains a "golden [share](#)" with veto power over strategic decisions.

Under the planned tie-up, announced last year and scheduled to be finalized at the end of this year, Boeing would take an 80 percent stake in Embraer's commercial business, thus allowing it to offer planes with capacity of up to 150 seats—a market in which Boeing currently does not compete.

A Brazilian judge last month twice issued injunctions against the deal, but both times was overruled by a higher court.

Although Bolsonaro won election on promises of liberalizing Brazil's economy, including through privatizations and [foreign investment](#) to cut [public debt](#), he is also against core Brazilian state assets falling into foreign hands.

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