



# Brazil Elections

What to expect from a General Election Year

June 2022



# A SINGULAR YEAR: POLITICAL INTERESTS SHAPE THE AGENDA

**JULY TO OCTOBER**

**NOVEMBER AND DECEMBER**



## Focus on Elections

**JUL 17** – Congress enters recess and reconvenes **AUG 1**

**JUL 15 - AUG 5** – Party conventions

**AUG 15** - Deadline for registration of candidates

**AUG 16** – Formal campaign kickoff

**AUG 26** - start of free radio and tv campaigns

**OCT 2** – First round

**OCT 30** – Runoffs



## Two hard months, no matter who wins

The presidential transition takes place if Bolsonaro is not reelected.

The 2023 budget needs new revenue for the *Auxílio Brasil* welfare program and other costing expenses.

# BRAZIL ELECTIONS

There are **1,627** offices up for election, which will be disputed by nearly **28,000** candidates.



**PRESIDENT**  
Vice-president

**513** FEDERAL REPRESENTATIVES

**27** SENATORS  
*1/3 of the Senate*

**27** STATE GOVERNORS

**1,059** STATE AND DISTRICT REPRESENTATIVES

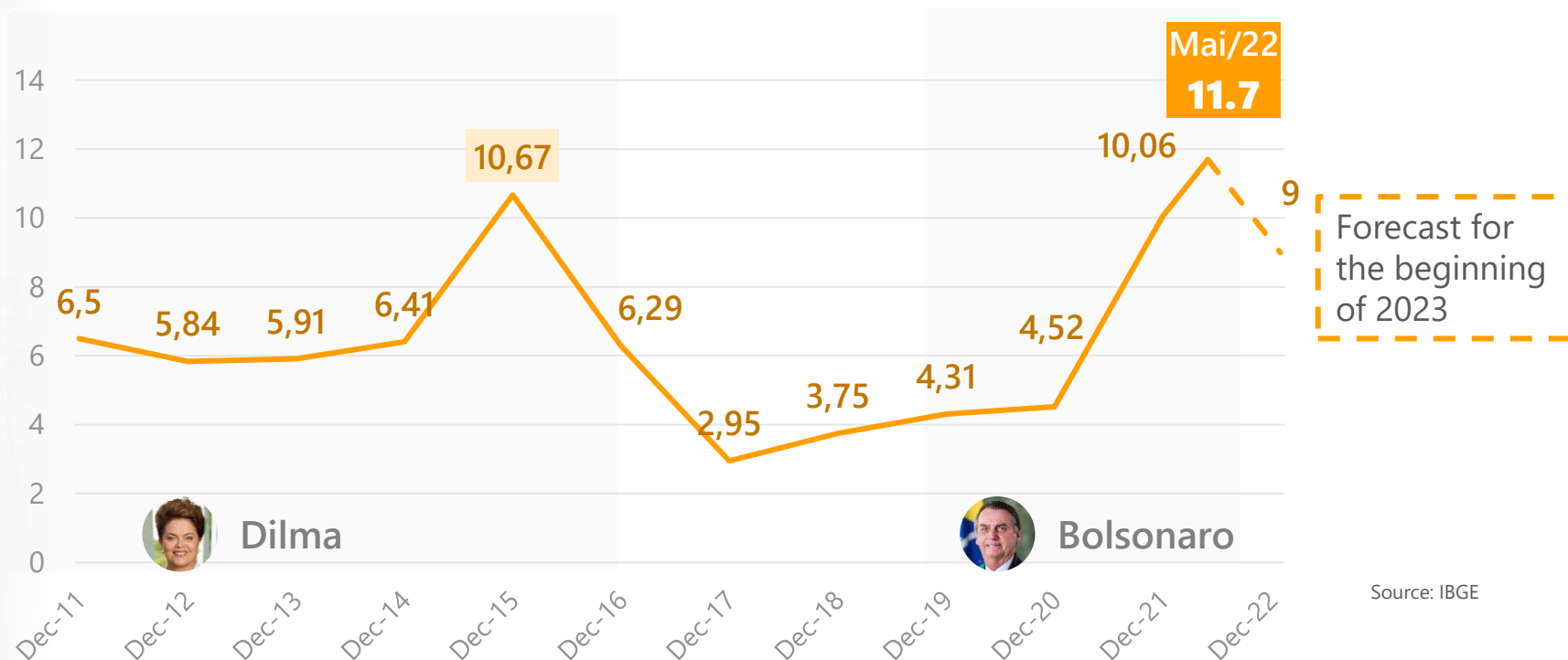


- Campaign runs risk of having social unrest episodes
- Bolsonaro undermines public trust in voting system
- Both Lula and Bolsonaro have very high rejection rates
- Despite that, no alternative to them is likely to come up
- The role of social media

# Government attempts to control price hikes



## Accumulated inflation in 12 months (%) - IPCA



Source: IBGE

# BOLSONARO ADOPTS AGGRESSIVE SHORT-TERM ECONOMIC POLICIES

He intends to lure the poorest voters, who traditionally follow Lula

A USD 7 billion spending package only for 2022 includes cash assistance (increased from USD 85 to 125), vouchers, special credit, assistance to truckers and more.

## By doing so, the administration:

- Reduces prospects of fiscal rule consolidation
- Hinders progress on structural reform
- Undermines the chances of success for the 2023 incoming administration, no matter who wins the election

**There is no room for major reforms**, but bills aimed at raising revenue gain momentum.

**Beware of predatory tax initiatives**  
*(taxation of profits and dividends & more...)*

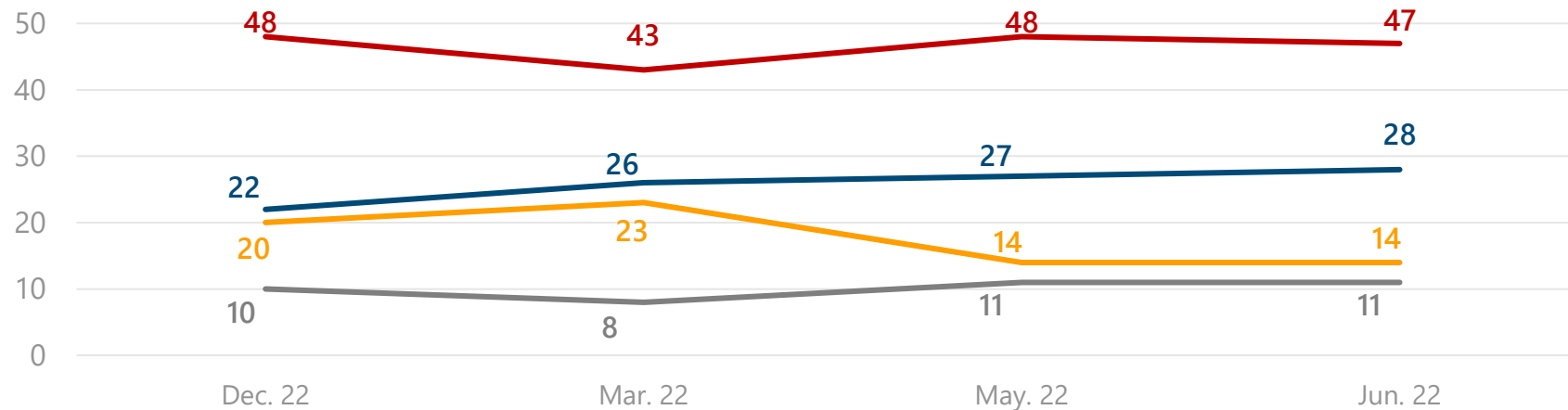


# Voting intention (%)

Stimulated polls



DATAFOLHA – 1<sup>st</sup> round | 2 p.p. margin of error



Remember 2018...

Aug. 22 poll: **Lula 39%**  
Bolsonaro 19%

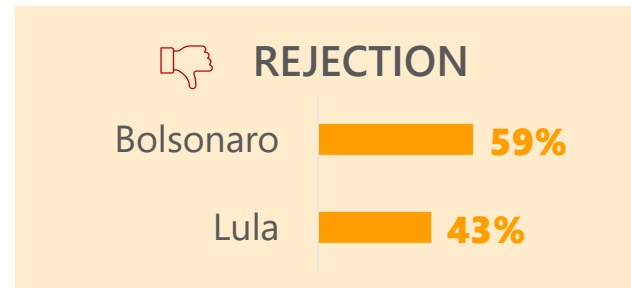
Sep. 1: Electoral Court rejects Lula's candidacy

Sep. 6: Bolsonaro is stabbed

1<sup>st</sup> round: Bolsonaro 46%  
Haddad 29%

Runoff: Bolsonaro 55%  
Haddad 44%

DATAFOLHA – Runoff | June 23, 2022



# WHAT TO EXPECT FROM CANDIDATES?



## BOLSONARO (PL)

If reelected, he will have less appetite to address Guedes' liberal agenda

### PRIVATIZATIONS

- He will take advantage of the privatization to strengthen this discourse but may lose steam next year

### SPENDING CAP

- Will likely breach it if reelected due to political pressure, since he will not be concerned about reelection in 2026

### INTERVENTIONISM

- Despite his administration's liberal discourse, Congress pressure tends to fulfill more populist agendas



## LULA (PT)

If elected, he will conduct a pragmatic government, like he did in 2003-2010

### PRIVATIZATIONS

- Strong opposition to ongoing privatizations (Petrobras, Correios, ports)

### SPENDING CAP

- He defends the use of a tax regime that allows "countercyclical action", linked to a "simpler and more progressive" tax structure

### INTERVENTIONISM

- Tends to support more public policies that place the government as the central axis

**⚠️ Whoever takes over in 2023 will have a fiscal pit to manage that leaves no room for adventures**

# FOREIGN AFFAIRS

## Brazil-U.S. relationship questions ahead

- How would the Biden administration react if Bolsonaro challenges more forcefully election results and the country plunges in serious institutional and social crises?
- Will Biden keep his current strong caution on dealing with Bolsonaro's poor environmental and human rights records?
- How the probable absence of an American ambassador to Brasilia during the campaign harms Washington's ability to positively influence the electoral and the transition processes in Brazil?
- How much the Biden administration will outreach to and engage with Brazilian NGOs, academia and legislators that oppose Bolsonaro?







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