

BRAZIL SCENARIO

February 9, 2022

National Politics

Priorities for 2022

The National Congress resumes its activities with the voting of 32 provisional measures. Some of them must be voted this month, including some related to infrastructures, such as the permission for the private concession of railways, to streamline air transportation processes and the promotion of the electric sector. An approval for extraordinary payment of the social welfare program Auxílio Brasil should also be voted.

Cabinet reshuffle

At least 11 ministers should leave the office to run for the 2022 election. Jair Bolsonaro has admitted that major changes will take place in the ministries before the end of March. Tarcísio de Freitas (Infrastructure), Damares Alves (Women, Family and Human Rights), Onyx Lorenzoni (Employment and Welfare), and Fábio Faria (Communications) are among some of the ministers who are expected to leave office.



Brazil and the OECD

The OECD has opened accession discussions with Brazil. The evaluation process will begin once the country confirms its adherence to the values, vision, and priorities of the OECD. Brazil first requested membership for the organization in 2017.



Bolsonaro and Supreme Court

Supreme Court Justice Alexandre de Moraes requested Jair Bolsonaro to testify in person to the Federal Police, in the wake of investigations about the leaking of secret documents from a federal inquiry. Mr. Bolsonaro did not attend in person and claimed his "right to absence".



Visit to Russia

President Bolsonaro has announced a visit to Russia in mid-February, where he will meet President Vladimir Putin. Diplomacy experts' comment that the trip takes place at an inappropriate time and could impact the relationship between Brazil and the United States, in addition to affecting the process of entering the OECD.

Economy



Interest rates and inflation

Brazil's Central Bank raised its benchmark interest rate by 1.5%, reaching 10.75% a year. This is the eighth straight increase, and the first time in five years it hit double digits, amidst attempts to curb growing inflation that closed out at 10.06% in 2021.



Unemployment

According to data released by the Brazilian Institute of Geography and Statistics (IBGE), unemployment currently affects over 12 million people and real income is at an all-time low in the historic series.

2022 Budget

President Bolsonaro signed the 2022 budget into law. Some ministries – such as Agriculture, Health, and Environment – suffered a cut of R\$ 3.2 billion. The total estimate of expenses adds to R\$ 4.7 trillion, with 1.9 trillion assigned to the payment of the public debt.

State tax collection

State tax on the circulation of goods and services (ICMS) reached an all-time high in 2021, driven by a hike in fuel and electric energy prices. The tax revision could soon be at the center of the Congress agenda, due to the pressure of the federal government for state governors to lower the rate.

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ELECTIONS SPECIAL 2022

Presidential candidates

President Bolsonaro is expected to boost his electoral agenda. Former president Lula could confirm his pre-candidacy in March. In order to make himself known, Sergio Moro holds visits to country towns in Brazil. Ciro Gomes confirmed his pre-candidacy in January. With attention turned to São Paulo, Doria continues to make projects' deliveries and openings in the state, while also fostering the idea of an alliance for a third-way candidacy.

Party Federations

In this year's election, Brazil will debut a new political feature called party federations. It consists of a new form of a political alliance between two or more parties that share a statute and a program registered at the Superior Electoral Court (TSE). Parties within a federation must band together as a single entity before and after the elections.

Election Propaganda

The Superior Electoral Court (TSE) decided that 23 parties will have 305 minutes of propaganda time on TV and the radio in the first semester of 2022.



Fighting misinformation

The efforts of the Superior Electoral Court (TSE) to combat the spread of misinformation and to prohibit bulk messaging should shape and steer this year's electoral campaigns. Technology companies with legal representation in Brazil have enabled reporting tools against misinformation and partnered with the Electoral Court to curb illegal practices.

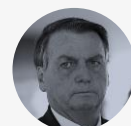


Electoral Fund

President Bolsonaro kept the electoral fund at R\$ 4,9 billion, after signing the 2022 budget into law. The amount is aimed at the funding of political campaigns and constitutes the main source of financing for candidates and parties. Brazil is the country with the highest allocation of public resources for electoral campaigns.

Supreme Court and Elections

"We cannot shift the course of a cruise ship at a moment's notice. The two vacancies on the Supreme Court next year are more important than the presidential election".



Bolsonaro

Voting intention poll

In a poll carried out by PoderData, between 01/31 and 02/01, former president Lula leads the electoral race, with 41% of the intended votes, against 30% for president Bolsonaro. Ciro Gomes and Sergio Moro are tied at third place, with 7% each. João Doria comes next, with 2% of the votes.

On a possible second-round, Lula leads with 54% of the intended votes, against 37% for Bolsonaro.

1st Round

