

BRAZIL SCENARIO

August 08, 2022

Politics



Government

Daniella Marques, former Special Secretary for Productivity and Competitiveness at the Ministry of Economy, took office as president of Caixa Econômica Federal. The new executive was appointed after sexual harassment allegations led to the resignation of Pedro Guimarães, then president of the company.

On July 5th, Central Bank employees ended the strike, which had lasted three months, without having obtained the category salary readjustment.



Environment

The number of forest fires in the Brazilian Amazon rose 8% in July compared to the same month last year, according to the National Institute for Space Research (Inpe).

The STF prohibited the contingency of the revenues that make up the National Fund on Climate Change and determined that the federal government adopt the necessary measures for its operation.



Mercosur

In a meeting of the Mercosur Heads of State Summit, in Paraguay, negotiations were concluded for the signature of a Mercosur Free Trade Agreement with Singapore. Bolsonaro did not attend, sending only a video greeting the decision.



Technology

Brasília became the first Brazilian city to receive 5G technology. The fifth generation of mobile internet offers more connection speed and makes it possible to use IoT, internet of things.



National Congress

Before going into recess, on July 17, the National Congress enacted Constitutional Amendment 123/22, which establishes a state of emergency due to the increase in fuel prices and extends social benefits until December 31. The package of social actions will reach R\$ 200 billion, and is seen by the opposition as an electoral measure by Bolsonaro.

Constitutional Amendment 124/22 was also enacted, establishing the national salary floor for nurses, and the Budget Guidelines Law for 2023 was approved. Congress also overrode the presidential vetoes of two proposals that released resources to help the Culture sector: the Aldir Blanc Law 2 and the Paulo Gustavo Law.



Elections 2022*

On July 2nd, the electoral period began: three months before the first round of the elections and when public agents are prohibited from carrying out any conduct capable of affecting equal opportunities between candidates in the elections.

The Party Conventions began on July 20. By August 5, parties must officially define their candidates for this year's elections.

Bolsonaro met with ambassadors from several countries and presented his suspicions regarding fraud in the 2018 electoral process and weaknesses in electronic polling machines. Ambassadors interviewed after the meeting said they had not changed their impression that Brazilian elections are safe.

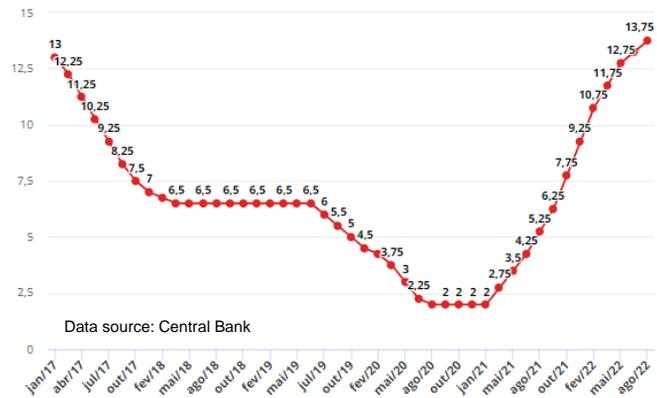
**Edelman Global Advisory prepares a series of reports on elections. If you want to receive them, ask publicaffairsbr@edelman.com*



Interest rate and inflation

At a meeting on August 3, the Central Bank raised the basic interest rate (Selic) again to 13.75 % per year. The collegiate still registered the possibility of additional adjustment at the next meeting, in September. This is the 12th consecutive increase and the highest rate since November 2016, in a move that seeks to contain inflation. Focus report indicates that the inflation estimate has dropped to 7.30%, one percentage point below July expectations.

Basic Interest Rate



Fuel prices

After a sharp rise in fuel prices and consequent measures to repair the increase, a survey by the National Petroleum Agency indicates that, currently, the price is at the lowest level since the 1st week of July last year (R\$ 5,686). This week, the fifth consecutive decline in the price of gasoline occurred, according to the agency.

Since June, the accumulated fall has exceeded 20%. This topic was the subject of many speeches by President Bolsonaro and had great prominence in the media, given that the increase in price was linked to Petrobras' record profit.



Exchange rate

The euro exchange rate equaled the dollar price for the first time in 20 years. The projection for the exchange rate for 2023 for the dolar remained at R\$ 5.20, according to the Focus bulletin.



Income Tax

The Tax Reform promised at the beginning of the Bolsonaro administration did not advance. However, the president reiterated that an update of the Income Tax (IR) table is guaranteed in 2023. This is an issue that has not found consensus in the government, especially since the update would generate a loss of revenue, and the compensation could affect states and municipalities. The subject is one of the topics addressed by presidential candidates, and one that divides them.



Economy

The trade balance recorded a surplus of US\$ 5.4 billion in July, according to the Foreign Trade Secretariat of the Ministry of Economy.

The forecast of the Focus bulletin released on August 1 is that Brazilian GDP will grow 1.97% in 2022, against 1.93% previously forecast of the past week. For 2023, the high forecast has decreased a little, from 0.49% to 0.40%.

Health in focus

Proposals for CONASS candidates

State health secretaries formalized, through CONASS (the National Council of State Health Secretaries), a letter of 30 proposals organized in 10 axes for the health sector for presidential candidates asking for the reinforcement of the SUS (Unified Health System).

The proposal envisions that SUS becomes a common agenda the presidential campaigns. Secretaries also defended the progressive growth of the Ministry of Health budget and infrastructure investments to expand national drug production to reduce international dependence on pharmaceutical ingredients.

Medicines in supermarkets

On the Chamber of Deputies agenda, a proposal that allows the sale of over-the-counter medicines in supermarkets suffered a new defeat: the request to process urgently did not reach the required number of votes and ended up being rejected. The measure had the support of the Ministry of Economy, aiming to facilitate access and reduce the price of these products, but faced resistance within ANVISA. The topic highlighted the disputes between the pharmacy sector and the supermarket sector, which had been intensifying the pressure on parliamentarians in recent months.

Monkey-pox

Brazil recorded 1,369 cases of the disease until the beginning of August, according to data from the Ministry of Health. Minister Marcelo Queiroga announced the purchase of the antiviral *tecovirimat* through the Pan American Health Organization, which should initially be used for the most serious cases. ANVISA decided to create an emergency Technical Committee to accelerate research, drug, test and vaccine analysis.

Medicine stock shortage

The Ministry of Health reported that 86 medicines are out of stock in the public network and that it is taking measures to combat shortages, such as reducing the cost of importing some of these products. The government is also investigating possible anti-competitive practices in the sector, to ensure that companies are not trying to force a rise in drug prices.

National Health Agency

The Chamber of Deputies approved a proposal that determines that health plans must cover treatments and procedures that are not listed in the basic reference list of the National Health Agency (ANS). The text now goes to the Senate.

Top of Mind



Elections and Democracy

At the end of July, the Charter in Defense of Democracy was launched. The letter's launch event will be on August 11, the same date on which Bolsonaro had scheduled two meetings with businesspeople from FIESP and Esfera Brasil, but canceled his commitments.

The Charter was signed by great jurists, businessmen, bankers and other personalities. Since its inception, it has had rapid and numerous adhesions and exceeds 700,000 signatures. The initiative focuses on recent attacks on the electoral process and aims to be non-partisan and critical. According to organizers, the site has received many hacking attempts or fake signatures.