

Brazil ahead of the 2018 elections

SUMMARY

On 7 October 2018, about 147 million Brazilians will go to the polls to choose a new president, new governors and new members of the bicameral National Congress and state legislatures. If, as expected, none of the presidential candidates gains over 50 % of votes, a run-off between the two best-performing presidential candidates is scheduled to take place on 28 October 2018.

Brazil's severe and protracted political, economic, social and public-security crisis has created a complex and polarised political climate that makes the election outcome highly unpredictable.

Pollsters show that voters have lost faith in a discredited political elite and that only anti-establishment outsiders not embroiled in large-scale corruption scandals and entrenched clientelism would truly match voters' preferences. However, there is a huge gap between voters' strong demand for a radical political renewal based on new faces, and the dramatic shortage of political newcomers among the candidates.

Voters' disillusionment with conventional politics and political institutions has fuelled nostalgic preferences and is likely to prompt part of the electorate to shift away from centrist candidates associated with policy continuity to candidates at the opposite sides of the party spectrum. Many less well-off voters would have welcomed a return to office of former left-wing President Luiz Inácio Lula da Silva (2003-2010), who due to a then booming economy, could run social programmes that lifted millions out of extreme poverty and who, barred by Brazil's judiciary from running in 2018, has tried to transfer his high popularity to his much less-known replacement. Another part of the electorate, appalled by growing public-security issues and endemic corruption, but also disappointed with democracy more broadly, appears to be strongly attracted by the simple and unconventional answers to complex challenges posed by far-right populist rhetoric. The latter – worryingly – glorifies Brazil's dictatorship (1964-1985).

As candidates with unorthodox political approaches appear to be an emerging norm, Brazilians may opt for a populist turn as well. If so, EU-Brazil relations may become more complex in the future.



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A presidential democracy heads towards partial 'renewal'

The Federal Republic of Brazil, which in 2018 ranks as the ninth-largest economy in the world with a nominal GDP of [US\\$2.14 trillion](#), has been a presidential democracy since the country's transition from military dictatorship to democracy in 1985.

On 7 October 2018, approximately [147 million](#) of a population of about 207 million Brazilians will vote for a new president in a first ballot. If, as expected, none of the presidential candidates gains over 50 % of votes, a run-off between the two best-performing ones will take place on 28 October 2018. According to Brazil's [1988 Constitution](#), the president is elected for a four-year term (renewable) under a majority system and is both head of state and government. The president is vested with considerable legislative powers as well, since he or she has the right to issue [delegated laws and provisional measures](#). Moreover, the president also enjoys the right to veto legislation. In this event, only an absolute majority vote of both houses of the [National Congress](#) can override his or her decision. The president is assisted by a vice-president, three of whom have subsequently become president in Brazil's recent past (see box).

On 7 October 2018, Brazilians will also cast their vote on all 513 seats that are up for renewal in the [Chamber of Deputies](#), and on [two-thirds \(54\)](#) of the 81 seats of the [Federal Senate](#); the Chamber of Deputies and the Federal Senate together form the bicameral National Congress, Brazil's legislative branch. While the [tenure](#) of deputies is four years, senators serve for a period of eight years. Every four years, one-third or two-thirds of the Senate seats are partially renewed. Senators are elected under a (first-past-the-post) majority system. Deputies, by contrast, are elected through a proportional representation electoral system based on open lists. Elections for 27 new governors (of Brazil's 26 states plus the Federal District) and [1 059 state legislators](#) will run in parallel. The Organization of American States (OAS) [will deploy](#) an electoral observation mission to the elections.

Brazil's presidents (New Republic)

1985-1990: **José Sarney**, ex-vice-president
 1990-1992: **Fernando Collor de Mello**, impeached
 1992-1994: **Itamar Franco**, ex-vice-president
 1995-2002: **Fernando Henrique Cardoso**
 2003-2006: **Luiz Inácio Lula da Silva** ('Lula')
 2007-2010: **Lula**, convicted of corruption
 2011-2014: **Dilma Rousseff**
 2015-2016: **Dilma Rousseff**, impeached
 2016-2018: **Michel Temer**, ex-vice-president

Source: [Presidentes do Brazil](#).

A deeply polarised Brazil seeks relief from a multiple crisis

Since 2014, Brazil has been entangled in an economic, political, social, and public-security crisis.

Economic crisis

The year 2014 marked a turning point in Brazil's recent economic history, as the country slipped into a deep recession for three consecutive years, with a sharp [slump](#) in GDP. Unemployment rose from [6.67 %](#) in 2014 to 12.8 % in 2016. Faced with declining growth rates (2010: [7.6 %](#); 2011: 3.9 % and 2012: 1.8 %), former left-wing President Dilma Rousseff (2011-2016) adopted pro-cyclical fiscal policies. Rather than fuelling growth, these led to macroeconomic instability, accompanied by growing fiscal imbalances and soaring primary deficit and public debt. Moreover, as large [offshore oil reserves](#) were discovered, government attempts to make structural changes were short-lived.

Since its arrival in power in 2016 after the [controversial](#) impeachment of Dilma Rousseff, the interim government led by centrist (ex-vice) President [Michel Temer](#) has taken [austerity measures](#), such as a 20-year [public spending freeze](#), severe cuts in health and education spending, and neo-liberal structural reforms, including a [labour law reform](#). In 2017, Brazil returned to a path of economic growth. However, the recovery has been slow at 1 % of GDP, and [unemployment](#) has remained high. Growth forecasts are at [1.8 % and 2.5 %](#) for 2018 and 2019 respectively. Michel Temer's measures have contributed to lifting Brazil out of a deep recession (inflation was reduced [from 9 % in 2015 to 3.4 % in 2017](#)), but they have been highly unpopular among large portions of the population. In May 2018, lorry drivers staged a 10-day strike over fuel prices, after the government cut fuel subsidies

that had been introduced by Dilma Rousseff (she had [ordered](#) the state-controlled oil company Petrobras to sell fuel below international prices to curb inflation). The pollster Datafolha found that [87 %](#) of Brazilians supported the strike, and that reportedly one-third of the nation would have been in favour of a military intervention to restore order amid growing [nostalgia](#) for dictatorship. The vast chaos and economic loss the strike provoked appeared to have caught the government by surprise and forced it to make [concessions](#) to truckers. In addition, the incident has eroded voters' trust in the capabilities of the government to handle crisis situations effectively. Although a 2018 [OECD report](#) states that Brazil's structural challenges are immense, large parts of the government's ambitious reform agenda, such as a highly controversial [pension](#) reform ([on average](#), Brazilians retire at the age of 54; there is no official minimum retirement age), considered [vital](#) to bringing Brazil onto a fiscally sustainable development path, privatisations (e.g. of Eletrobras, Brazil's main power company), and tax simplification, are likely to remain [unfinished business](#).

Political crisis

Brazil's deep recession coincided with a serious and protracted crisis of the political system. Large parts of the political elite have been embroiled in a series of corruption scandals of [unprecedented scale and scope](#), which have undermined the population's trust in Brazil's political class and institutions. These scandals have [discredited](#) the political elite and exposed its lack of credibility, accountability and transparency, as well as democratic deficits. The most far-reaching such scandal is known in Brazil as [Operação Lava Jato](#) (Operation Car Wash, see box).

In the context of Lava Jato, former President Luis Inácio Lula da Silva (popularly called 'Lula'), was convicted of corruption and money laundering and sentenced on appeal to more than [12 years](#) in prison in a procedure that Lula supporters have [criticised](#) as politicised. By April 2017, [eight ministers](#) of the Temer government were under investigation as well as the president himself, who, with approval ratings of [2 % to 7 %](#), is the [most unpopular](#) president in Brazil's history. He has been close to impeachment for corruption allegations, but was shielded twice from a legal probe by a majority vote in Congress, which [blocked](#) the Supreme Federal Court from proceeding against him with trials on charges of bribery and obstruction of justice. The Lava Jato probe has [put an end to impunity](#) and tolerance for systemic corruption, as high-ranking policy-makers from all main parties and top executives of major Brazilian firms were sentenced to long prison terms and have actually started to serve them. This has been facilitated by the suspects' revelations under [plea bargaining](#) agreements under the [Criminal Organizations Law](#) (Law 12.850/13). Despite the Lava Jato probe now going through its fourth year, [84 %](#) of Brazilians feel that it must continue.

Operação Lava Jato

In March 2014, federal prosecutors [launched](#) an investigation into a black-market money dealer, whose office was located above a car wash in Brasília, from where the operation's code name was derived. They found a sprawling bribery scheme involving top managers of large Brazilian construction companies, such as Odebrecht, who had formed a [cartel](#) to obtain public contracts with state-controlled oil company Petrobras. Petrobras directors received kickbacks to grant public contracts. The illicit funds were channelled to high-profile policy-makers who had appointed the directors, and were used for election campaigns. Given the international scope of [Odebrecht's activities](#), the corruption scheme had [ramifications](#) far beyond Brazil's borders. Apart from the severe reputational damage inflicted on the Brazilian political system, the bribery scheme has also caused huge economic loss. Major Brazilian companies have seen their [market value](#) tumbling. Reportedly, Petrobras and Odebrecht have laid off more than [100 000](#) workers.

Social crisis

The sharp economic downturn has also exasperated simmering regional and social cleavages between Brazil's poor north/north-east and the wealthy south, and between the white population and people of colour in terms of income inequality (see infographic '[A huge and inequitable country](#)') and a very high concentration of political power. The recession has eroded the social progress achieved for Brazil's poor during the two Lula terms (2003-2010). Brazil's middle class then increased by [39.5 million](#) due to booming commodity exports, allowing Lula to run [social programmes](#) such as [Bolsa Família](#) (family grant), which provides conditional cash transfers to poor

families. These programmes were maintained and expanded under Dilma Rousseff; while they have reduced [poverty rates](#) significantly, [income inequality has barely changed](#). Brazil's election campaign reveals antagonistic positions on social programmes, opposing left-wing and right-wing views. The challenge for the next government will be to strike the right balance between fiscal sustainability and focused redistribution policies.

Public security crisis

According to the [Atlas of violence 2018](#), Brazil's homicide rate, at 30.3 per 100 000 people with 62 517 murders per year, reached a historic record in 2016, with a geographical concentration in the north and north-east (see infographic '[Homicide rate per 100K inhabitants](#)'). The rate is considered [30 times higher](#) than the European average. As violence has been on the rise, the Temer government has increasingly relied on the military to tackle public-security challenges. In September 2017, it [deployed](#) troops to [Rocinha](#) in Rio de Janeiro, which hosts one of the country's largest favelas, to calm the surge in violence between heavily armed drug gangs. As violence spiralled out of control, in February 2018 Temer [ordered](#) a 'military intervention' in the state of Rio de Janeiro, whose public security has been particularly hit by its [financial distress](#). As a result of this order, reforms requiring a change of the Constitution have been [gridlocked](#). In August 2018, Temer [ordered](#) the deployment of armed forces in the northern state of Roraima, which has been in turmoil due to the massive influx of [Venezuelan migrants](#). The trend of a growing militarisation of public security, with Army General Joaquim Silva e Luna having been [appointed](#) minister of defence, contrary to a tradition of filling the post with a civilian, has been eyed with scepticism and as driven by an effort to take over the rhetoric employed by far-right presidential candidate, Jair Bolsonaro, so as to avoid losing voters to him.

Marielle Franco

Brazilian authorities have so far failed to shed light on the murder of human rights activist, [Marielle Franco](#), aged 38, in March 2018, which has been [linked](#) to her work against [police violence](#). Her death has prompted deep concern, including within the [European Parliament](#).

Why are Brazil's 2018 elections so unpredictable?

This four-fold crisis will weigh heavily on the outcome of the 2018 elections. It has bred a highly polarised and radicalised political climate. It has even fuelled physical violence, directed in March 2018 against a [campaign bus with supporters](#) of Lula, of the Workers Party (PT), who at that moment was still a presidential candidate for the 2018 race; and on 6 September 2018 against the far-right presidential candidate, [Jair Messias Bolsonaro](#), of the Social Liberal Party (PSL).

The severe and protracted political instability has created a unique electoral environment. It has generated a strong anti-establishment sentiment among large parts of the electorate. A Datafolha poll shows that [two-thirds](#) of respondents have lost confidence in Congress, political parties and the presidency. By contrast, 78 % of them have confidence in the military, with the [judiciary](#) – which some have [criticised](#) as being [politically biased](#), notably Federal Judge [Sérgio Moro](#) – scoring 69 %. Theoretically, this could provide bright prospects for new candidates with an anti-mainstream profile. In practice, however, this has been [fertile ground](#) for the rise of anti-establishment forces riding on a wave of voters' preferences for unorthodox politics. Against this backdrop, several factors contribute to the high unpredictability of the election outcome:

First, never before has **one of the presidential candidates** been a **highly popular but convicted former president** – Lula da Silva – who had been campaigning from behind bars, as legal proceedings to clarify his status dragged on until 31 August 2018, when he was [declared ineligible](#). His much less known running mate – Fernando Haddad (PT) – replaced him only one month ahead of the elections. Hence, great uncertainty has existed as to which (left-leaning) candidate will ultimately benefit most from a transfer of the votes from the barred candidate.

Second, never has a **populist far-right candidate and self-declared outsider** – Jair Messias Bolsonaro (PSL) – attracted voters so massively and at such a pace, leading the polls ahead of all other candidates, with centre-right and centre-left candidates lagging far behind him. Bolsonaro has benefited from voters' susceptibility to non-conformist and populist rhetoric and from voters'

negative perceptions of his contenders who are – just like himself after 27 years in Congress – part of the political system.

Third, the **knife attack against far-right candidate**, Bolsonaro, a month ahead of the elections, at first added [unpredictability](#) about whether he would be able to continue his campaign at all. However, as a result of the incident, he has received extensive media coverage he would not have otherwise had, helping him shift media attention away from contenders and secure strong voter empathy. Ultimately, with the help of his [sons](#), Bolsonaro has greatly capitalised on the attack to broaden his voter base.

Fourth, the **use of social media** to reach out to the growing number of [Brazilians with internet access](#) is likely – far more than in previous elections – to level the playing field among all candidates. It benefits candidates who lack name recognition and backing by large parties or party alliances, which is key for access to party funding and to proportionate allocations of TV and radio time for campaigning. Yet, the [risk](#) of rapidly spreading [misinformation](#) creates new unpredictability.

Fifth, given citizens' disenchantment with politics and politicians, a **high number of undecided voters and protest voters** are ready to cast an invalid or blank ballot in elections with mandatory voting, with individuals aged 16-17 allowed to vote on a voluntary basis. Protest votes and voter absenteeism are projected at the beginning of September 2018 to account for roughly [30 %](#).

Sixth, for the first time presidential and parliamentary elections will be held under the **prohibition of corporate campaign donations**, conceived as an anti-corruption measure. However, it has been [argued](#) that this measure benefits wealthy Brazilian candidates who can afford to spend their own money, while newcomers encounter difficulties in raising funds. Financial constraints may thus help wealthy incumbents to remain in place and reduce the prospects of new faces being elected, who would be more likely to press in the next Congress for greater political and structural reforms and to ensure enhanced credibility, accountability, transparency, and legitimacy.

Party landscape and current seat distribution in Congress

A highly fragmented Congress unlikely to see major changes

Over time, the Brazilian party landscape has become increasingly [fragmented](#) and volatile, as a result of the Brazilian election rules. This may be the source of political instability, legislative gridlock, clientelism, and corruption. Following the 2014 elections, the 513 seats of the Chamber of Deputies were distributed among as many as 28 parties. This trend seems to continue: as of September 2018, a total of [35 parties](#) were registered with the Superior Electoral Court (TSE) for the 2018 elections. Currently, three major parties taken together hold a third of seats in the Chamber of Deputies, nearly half of the seats in the Senate, and [two-thirds](#) of the 27 governorships:

- Workers' Party (Partido dos Trabalhadores, [PT](#));
- Brazilian Democratic Movement (Party) ((Partido do) Movimento Democrático Brasileiro, [\(P\)MDB](#));
- Brazilian Social Democratic Party (Partido da Social Democracia Brasileira ([PSDB](#))).

The centrist PMDB, which in May 2018 dropped the 'P' and [switched back to the name MDB](#) used from 1966 to 1979 when it sought to unite political factions opposed to the military dictatorship, has been in power in the [governments](#) led by former presidents Collor de Mello, Cardoso, Lula, and Rousseff. The Lula-led left-wing PT took power for the first time in 2002 and kept it until Dilma Rousseff's impeachment in 2016, when Vice-President Michel Temer (MDB) became interim president. The centre-right PSDB was the leading party under President Cardoso and entered into a coalition government with the MDB in 2016. Mid-sized parties play a key role in building ideologically very heterogeneous multi-party government coalitions and in securing majorities for government initiatives. They are also crucial for elections as providers of [TV and radio time](#) for candidates. For instance, centre-right presidential candidate, Geraldo Alckmin (PSDB), has secured

the backing of a [block of five centrist parties](#) made up of the Progressive Party (PP), the Democrats (DEM), Solidarity (SD), the Brazilian Republican Party (PRB) and the Party of the Republic (PR), which grants him the largest share of TV and radio time of all candidates, and large party funding.

More than [77 %](#) of current seat holders in Congress (and up to 80 % in the Chamber of Deputies) will be incumbent contenders, some of whom may feel the need for self-preservation from Lava Jato. Hence, there is very [limited space](#) for a genuine 'renewal' through new candidates, [for instance](#), from the [Partido Novo \(NOVO\)](#), created in 2011, which has fielded former banker [João Amoêdo](#).

Figure 1 – Seat distribution in the Chamber of Deputies and the Senate as of August 2018



Source: [Chamber of Deputies](#) and [Senate](#); please also see the [EPRS 'At a glance' note on Brazil's political parties](#), 2015.

Volatility of parties and party loyalty of congressmen

Brazilian parties are very volatile, in their names, ideology and membership; they are furthermore only loosely organised and enjoy little public support. Several parties have in the recent past [adopted](#) more catchy names, which some have [interpreted](#) as a tactic to attract an electorate that is increasingly hostile to the political establishment and seeks a change from traditional parties. For instance, the National Labour Party (Partido Trabalhista Nacional, PTN) has become [Podemos](#) (PODE) (We Can). The National Ecologic Party (Partido Ecológico Nacional, [PEN](#)) has [abandoned](#) its environmental ideology and is now referred to as Patriot (Patriota). In 2017, the Labour Party of Brazil (Partido Trabalhista do Brasil, PTdoB) [shifted](#) to [Avante](#) (Forward). Some parties have merely shortened their names: the [Progressistas](#) (PP) were previously referred to as Partido Progressista.

Politicians tend to switch parties frequently. Hence the number of congressional seats held by parties changes regularly. A case in point is the left-wing presidential candidate, Ciro Gomes, who in his 30 years in politics had been affiliated with seven different parties before joining the left-wing Democratic Labour Party (Partido Democrático Trabalhista, [PDT](#)). Deputies enjoy large 'autonomy' from their parties as regards their voting behaviour. National party leaderships find it difficult to discipline members of congress. Individuals play a bigger role in the political system than parties, as candidates tend to fund election campaigns by themselves and to rely less on [funding](#) from parties or the [election fund](#). In practice, this means that the ruling government [cannot rely](#) on the members of the coalition parties to vote in Congress in line with the government coalition. The system whereby the Brazilian president ensures congressional support for his agenda through negotiation and [clientelism](#) is referred to as '[presidencialismo de coalizão](#)' ([coalition presidentialism](#)).

[Analysts](#) have argued that the high fragmentation and volatility of Brazil's political system can only be tackled by systemic reforms, such as the introduction of a barring clause (i.e. an election threshold corresponding to a minimum share of the vote). They claim that Brazil's multi-party coalition-based presidential regime provides incentives for and is highly prone to corruption and clientelism as the basis for interactions between the executive and legislative branches. Moreover, they take the view that Brazil requires a new public system of election and party funding, since banning campaign donations from private companies is not a strong enough measure.

Representation of women and people of colour in Congress

Following the 2014 elections, [462](#) of the 513 seats in the Chamber of Deputies were occupied by men and 51 seats by women, who thus account for a mere 9.94 % of seats. Of the Senate's 81 members, [11](#) were women, accounting for 13.5 % of seats. Women in Brazil represent [52 %](#) of the population and thus appear to be significantly under-represented in politics compared to Brazilian men. Only one woman was elected governor out of 27 governorships. Despite a 30 % quota for female candidates (not for seats), [Brazil ranks 156th](#) out of 193 countries in terms of female parliamentary representation, far behind Afghanistan (55) and Iraq (67).

There has been a gradual erosion of the representation of women in recent governments. While the Lula cabinet, for instance, included [Marina Silva](#) as minister of the environment and [Benedita da Silva](#) as minister of social assistance and promotion, and the cabinet of Rousseff's first term consisted of a record number of [female ministers](#), less than half a dozen women were part of the cabinet of her second term. In what has been seen as a big backslide, all members of Temer's [first cabinet](#) were (white) men, which [reportedly](#) marked the first time since the 1970s that a Brazilian cabinet featured no women. In February 2017, [Luislinda Dias de Valois Santos](#) became minister of human rights (until February 2018). However, as of September 2018, the Temer cabinet again consists of [\(white\) men](#) only.

People of colour in 2014 represented [53 %](#) of the Brazilian population but accounted for only 44 % of candidates. In the 2014 presidential elections, one of 11 candidates was of colour: Marina Silva, who then ran for the Green Party ([Partido Verde](#), PV) and in the 2018 presidential race runs for the centre-left Sustainability Network ([Rede Sustentabilidade](#), REDE).

Who are the main presidential candidates?

By mid-August 2018, [13 candidates](#) had been registered (two of them women), five of them with a level of voting intentions qualifying them as potential candidates for the second round. Except for Marina Silva, they share a [minor interest](#) in [environmental issues](#) (some of them are backed by Brazil's agri-business lobby), despite deforestation in Brazil being on the rise again since 2014.

Fernando Haddad, Workers Party (PT)

Fernando Haddad, 55, was the running mate of former 2018 presidential candidate Lula, until the latter backed out in September 2018. [Lula](#) stepped down from his second presidential term with an approval rating of [almost 90 %](#). At that moment, Brazil's economy was booming and the social programmes he had launched were seen as demonstrating to Brazil's poor that for the first time their needs had been addressed by a president who shared their humble descent. Lula enjoyed the strong support of his party and led the polls with almost 40 % of voting intentions as of end-August 2018. However, on 31 August 2018 the Superior Electoral Court (TSE) [barred](#) Lula from running, owing to his conviction on corruption and money-laundering charges that made him ineligible under the '[Clean Slate Law](#)' ([Lei da Ficha Limpa](#)), which Lula had signed into law as president in 2010.

Haddad was [minister of education](#) (2005-2012) in both Lula governments, pushing for the '[university for all](#)' programme; he was also mayor of São Paulo (2013-2016). Unlike Lula, he was not born in poverty. He [studied](#) economics, law and philosophy and started his academic career as a university professor. Haddad lacks his mentor's charisma and name recognition, including among the poor in Brazil's north-east, which Lula gained through his long career as a union leader. Although Haddad is expected to benefit most from a transfer of Lula votes, this may not materialise to the extent hoped for, since the campaign is almost over and other left-leaning candidates are competing for Lula voters too. Moreover, Haddad, like Lula, faces legal issues that may be exploited by his contenders. In August 2018, Haddad was [charged with](#) illegally accepting money from construction firm UTC Participações, to pay off campaign debts dating back to 2012, which [may have resulted](#) in unfair advantages for the company. Haddad is expected to largely follow [Lula's campaign proposals](#).

Haddad [is against](#) privatisation, especially of strategic companies like Petrobras, whose operations he plans to enhance; similarly, he opposes the outsourcing of public services such as healthcare. Conversely, he proposes to expand social programmes such as Bolsa Família, [increase](#) the availability of low-interest credits for families and companies, and exempt low-income earners from income tax. He would revoke the Temer government's spending freeze and labour law reform, and reform the tax system. To tackle unemployment and upgrade the country's infrastructure, he would increase infrastructure spending. Haddad differs from centre-right candidates in that he would mandate the Central Bank to also consider unemployment when monitoring inflation. His foreign policy would focus on cooperation with Latin American and African countries.

Ciro Gomes, Democratic Labour Party (PDT)

Centre-left candidate [Ciro Gomes](#), 60, has served as [minister of finance](#) (1994-1995), minister of national integration (2003-2006), governor, mayor and legislator, yet portrays himself as an [anti-establishment 'outsider'](#). He runs on an anti-graft and interventionist economic platform. He has a degree in economics and law, is a [professor of constitutional law](#) and has run twice for president, in [1998](#) and in [2002](#). Like Lula, his name recognition is strongest in the poorer north-east, but unlike Haddad's PT, his PDT is small and he has failed to build a bigger party alliance to support him.

Gomes would [revoke](#) the Temer government's spending freeze. He is not absolutely against privatisation, but excludes Petrobras and Eletrobras from such actions. He would diminish the fiscal deficit by reducing tax breaks and simplifying the tax system by replacing the current levies with VAT. Like Haddad, he would upgrade infrastructure by using both public investment and public-private partnerships (PPP), and would require the Central Bank to curb inflation and unemployment. His [package](#) of economic policies includes [revoking](#) licences for oil fields granted to foreign companies by the Temer government, suspending the [joint venture](#) between Brazilian aircraft manufacturer [Embraer](#) and Boeing on national security grounds, fighting deindustrialisation, simplifying import tariffs, and reforming agriculture. Like Haddad, he would [revoke](#) Temer's labour reform and [expand](#) social programmes such as [Minha Casa, Minha Vida](#) (My House My Life). His foreign policy vision stresses Brazil as a mediator in conflicts within Latin America.

Marina Silva, Sustainability Network (REDE)

Centre-left candidate Marina Silva, 60, has a very [unique](#) life story. She grew up in the Amazon as one of 12 children of a poor rubber tapper. She was illiterate until the age of 16. While working as a maid she learnt to read and through history studies transformed herself into a [globally renowned environmentalist](#). After she had been elected to Congress in 1994, she was minister of the environment (2002-2008) in Lula's governments and a senator for the PT. She has been [advocating](#) for education, human rights and the indigenous population. Together with Lula and Gomes she belongs to the few national political leaders enjoying wide name recognition. She is running for the third time, after losing in the 2010 and 2014 presidential races. Marina Silva appeals to green and evangelical voters and has never been accused of corruption. Lula voters may find her unacceptable, given that she left his government in 2008 and argued in favour of his ineligibility in 2018, and that her social and economic policy stances seem [rather vague](#).

Marina Silva's focus is on social and environmental issues, which she combines with centrist economic policies and an anti-establishment and anti-corruption platform. She considers a [pension reform](#) strategic for achieving long-term fiscal sustainability. She [opposes](#) the freezing of government spending – a move that required amending the Constitution. She would [increase](#) the inheritance tax, revise tax breaks and simplify the five existing levies. To tackle unemployment, she, like other centre-left candidates, proposes to increase infrastructure investment with a strong role for PPPs. Moreover, she would adopt measures to boost exports, including through the reduction of import tariffs, and non-tariff barriers to trade, and to minimise bureaucratic hurdles in order to [integrate](#) Brazil into global value chains. Her foreign policy vision has three components: unified actions by the South American states to provide humanitarian support to Venezuela; priority focus

on South America, North America, the EU, and East Asia; and a leading role for Brazil in multilateral action for sustainable development and climate change.

Geraldo Alckmin, Brazilian Social Democratic Party (PSDB)

The centre-right anaesthetist Geraldo [Alckmin](#), 65, began his career as a doctor, but has spent most of the last 17 years as [governor](#) of São Paulo, Brazil's most populous and richest state. Frequently referred to as '[Brazil's Hillary Clinton](#)', he is credited for the structural reforms in São Paulo and the significant drop in the state's homicide rate, which is an asset at a time of national crime rates being among voters' top concerns. However, some observers have heavily [criticised](#) his management of water distribution, among other things. In the run-off of the 2006 presidential election, he lost against Lula. He is an [establishment candidate](#), but his lack of charisma and low-key personality may lack appeal outside the wealthy industrial elite of São Paulo. He stands for pro-business reformist policy continuity and predictability, and has good prospects of garnering support in Congress. Hence, his agenda resonates the most with [business and markets](#).

Alckmin would aim to [eliminate](#) the fiscal deficit within two years, but based on spending cuts rather than tax rises. He would lower corporate taxes to support investment and introduce VAT to [replace](#) the five existing levies, and would maintain the spending freeze, but review it after two years. He would [revoke](#) constitutional rules that earmark a large portion of federal spending, in order to give economic policy more leeway. In general, he backs policies that create jobs and economic growth through measures that strengthen the country's competitiveness. Such measures include the privatisation of some state-owned enterprises (except Petrobras and Banco do Brazil) and lowering trade barriers. Alckmin [supports](#) Temer's proposal for a minimum retirement age, and would open up the economy and foreign trade to account for [50 %](#) of GDP ([24 % in 2017](#)). He is in favour of political reforms (e.g. to introduce a [barring clause](#) for parties and candidates, linked to a specific share of the votes). In terms of foreign policy, Alckmin would continue Michel Temer's policy of cooperating with the [Pacific Alliance](#) (Chile, Colombia, Mexico and Peru), exploring the possibility of Brazil joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)), and promoting democratic values and human rights in the international arena.

In September 2018, Geraldo Alckmin was [accused](#) in a civil case of taking campaign funds from construction firm Odebrecht. As endorsing Temer policies has been a liability, he has been unable to benefit from his [party alliance](#) and ample TV time to attract moderate voters from his natural base, and has seen them shifting to Jair Bolsonaro and candidates to Alckmin's right.

Jair Bolsonaro, Social Liberal Party (PSL)

Jair Messias Bolsonaro, [63](#), from Rio de Janeiro and of Italian descent, graduated from the preparatory school of the Brazilian Army and military academy and became an army paratrooper. In 1988, he retired from the military as a captain and has been in politics ever since, holding the post of federal deputy since 1991. In his political career, he has [fought](#) against child sexualisation at school and for causes such as more discipline in education, lowering the age of criminal responsibility, the right to bear arms for legitimate personal defence, legal certainty in police action, and Christian values.

In 2018, he joined the Social Liberal Party ([PSL](#)) as a platform for his campaign, after he had previously been a member of eight other right-wing parties. The PSL is a small liberal party created in [1994](#), but with Bolsonaro it is tilting towards the far-right. Bolsonaro has become known for his [incendiary statements](#), notably against [LGBT](#) people, and [homophobic](#), racist and sexist outbursts. After he compared descendants of Afro-Brazilian slaves (*quilombolas*) with [animals](#), he was [charged on grounds of racism](#) in April 2018. He has been [openly anti-feminist](#) and has argued that women earn less than men because they can become pregnant. On two occasions, he told deputy [Maria do Rosário](#) (PT), a former minister of human rights, '[I wouldn't rape you. You're not worth it.](#)'

He is an [apologist](#) for Brazil's dictatorship (1964-1985) and has praised [Carlos Alberto Brilhante Ustra](#), the army colonel responsible for torturing political prisoners, including former President Dilma

Rousseff, during military rule. Bolsonaro, seen by [some sources](#) as a '[threat to democracy](#)', defends the military's participation in politics and has chosen Antônio Hamilton Mourão, a retired general, as his [running mate](#); the latter wants to re-write the '[terrible and outdated](#)' Constitution. If elected, Bolsonaro would reduce the number of ministries and appoint some [generals](#) as ministers, such as for [education](#), transport, and science and technology, arguing they are [less prone to corruption](#). He would [do away with](#) the clientelism underpinning Brazil's coalition presidentialism.

His populist law-and-order message and hard-line position against urban crime ([easing of gun laws](#)) is highly resonant with disillusioned voters. [Bolsonaro's](#) attractiveness to low-income voters has soared after he backed the truckers' strike. What adds to his appeal is the fact that he has not been convicted of corruption, although he was [mentioned](#) in a probe for [allegedly](#) having received bribes from the Brazilian meat-packing firm [JBS](#). He casts himself as business-friendly by defending [privatisations](#) (e.g. Petrobras) and has picked investment banker [Paulo Guedes](#) as his economic advisor. If elected, he would seek to [eliminate](#) the primary budget deficit within the next year and achieve fiscal surpluses as from 2020. The Central Bank would be given independence and the single mandate of controlling inflation. Bolsonaro also [endorses](#) Michel Temer's labour law reform. To boost job creation, Bolsonaro would give people entering the job market the [possibility of choosing](#) between adhering to the labour legislation in force or selecting a new type of contract, whose terms would take precedence over those of the labour law in case of litigation.

Bolsonaro [denies](#) the ancestral rights of indigenous people and [would close](#) indigenous reserves in order to pursue oil and mineral extraction. He has referred to refugees and immigrants as '[the scum of the world](#)'. Bolsonaro [defends](#) Donald Trump's immigration policy and seeks [to emulate](#) the latter's rise to the US presidency, and has been referred to as '[Brazil's Donald Trump](#)'. He attempts to ride on a similar wave of Brazilians' disenchantment with the political elite, but unlike Trump he lacks the support of a major party. However, he compensates for this disadvantage with the [largest number](#) of social media followers. He would expand foreign trade with countries providing added value to Brazil's economy and technology by cutting tariffs and eliminating other trade barriers.

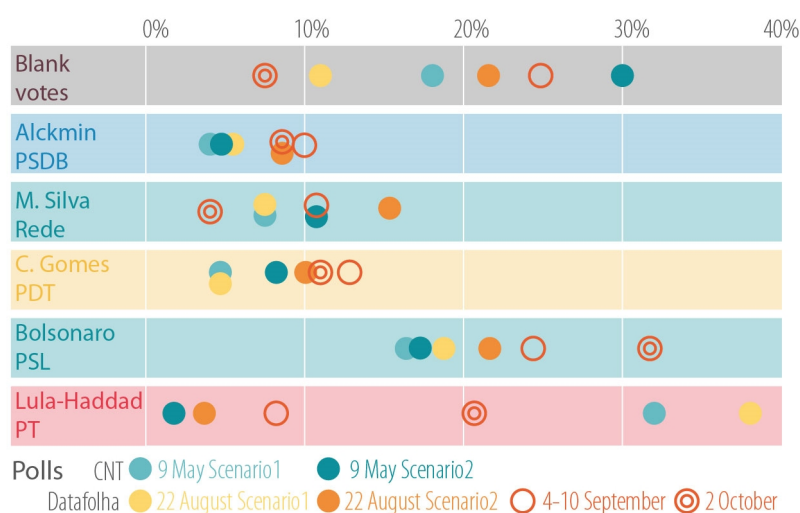
Voter sentiment and election forecasts

A [2017 Ipsos poll](#) found that only 6 % of voters felt represented by the parties they had voted for in the past. In addition, voters' perception of democracy as the best system for Brazil stood at 50 %. When asked to assess the current state of Brazilian democracy, 47 % of respondents had negative views and only 38 % had positive views.

An Ideia Big Data poll shows that [80 %](#) of Brazilians would prefer to elect 'new faces' over incumbent politicians. But due to constraints in the Brazilian election system and the scarcity of [funds](#), a much desired political renewal seems [unlikely](#) to happen.

This begs the question to what extent disillusioned voters will end up in political apathy, as more than [20 %](#) of voters – as in previous years – are expected to abstain or to continue [shifting away](#) from centrist candidates and towards

Figure 2 – Polling results for the five main presidential candidates



Source: CNT and Datafolha, Scenario 1 = with Lula, Scenario 2 = without Lula, September and October with Haddad.

those at the extreme ends of the party spectrum, as Figure 2 seems to suggest. In 2018, many Brazilians equate change with Bolsonaro. Since crime and corruption are among the top voter concerns, Bolsonaro's tough-on-crime-platform [comes across](#) well with young, well-educated and affluent voters, and [73 %](#) of his voters have already made a final choice. Yet, he also has the highest voter rejection rate (43 %) of all candidates as of September 2018. Women have launched a Facebook campaign [Mulheres Unidas contra Bolsonaro](#) ([Women United against Bolsonaro](#)) and have staged large [demonstrations](#) under the slogan [#EleNão](#) (Not Him) in [many](#) Brazilian cities.

EU-Brazil relations: state of play and outlook

EU-Brazil relations: past and present

In recent years, EU-Brazil relations have [lost some of their momentum](#) owing to Brazil's political, economic, social and public-security crises as well as to the shift of the Rousseff governments away from the Lula government's strategies to boost Brazil's global power projection. As a result, [since 2014](#) no EU-Brazil summit has taken place under the strategic partnership launched in 2007, and the envisaged third Joint Action Plan for 2015-2017 has been shelved. That notwithstanding, [project-based work](#) on more than 30 [sector dialogues](#) has continued, as has the [High-level Dialogue on Human Rights](#).

Despite the [fruitful sectoral cooperation](#) and [high level of like-mindedness](#) between the EU and Brazil on many issues, such as the protection of human rights defenders, children's rights, discrimination and freedom of religion or belief, and the death penalty, [analysts](#) have [painted](#) a [mixed picture](#) of the strategic cooperation. Divergences in positions in multilateral fora, for instance, on international crisis management (Mali, Libya, Palestine, and Syria) and humanitarian military interventions (the Brazilian concept of responsibility while protecting (RWP) as criticism of the EU-endorsed concept of the responsibility to protect (R2P)) have been [attributed](#) to Brazil's adherence to a concept of unrestricted sovereignty and non-intervention and its alliances with developing countries and emerging markets, where it pursues different interests in reforming global governance.

Since the Temer government's arrival in power in 2016, Brazil's previous '[turn to the south](#)' has been re-balanced by a return to neo-liberal approaches and traditional partners. Given Brazil's deep recession, Temer's foreign policy has focused on addressing Brazil's comparative [low integration](#) in global trade. Together with Argentina's pro-business President, Mauricio Macri, he has instilled new dynamics into the [Mercosur/Mercosul](#) bloc (the Southern Cone customs union comprising Argentina, Brazil, Paraguay, and Uruguay as well as currently suspended Venezuela), and has reached out to other regional trade blocs like the Pacific Alliance. This has created a window of opportunity to conclude the long-standing EU-Mercosur negotiations on a three-pronged inter-regional association agreement. The latter [is designed to](#) incorporate political dialogue, cooperation and a trade pillar in the form of a free trade agreement.

What future for EU-Brazil relations?

Whether US economic isolationism could open a [window of opportunity](#) for the EU and Brazil to adopt common initiatives and play a bigger and more proactive role in global governance in the future, will depend on which of the five main candidates ultimately becomes president. The two

Milestones of EU-Brazil relations

- 1992: Conclusion of the EU-Brazil [Framework Cooperation Agreement](#)
- 1995: Conclusion of the [EU-Mercosur Framework Cooperation Agreement](#)
- 2004: Conclusion of the [EU-Brazil Agreement for scientific and technological cooperation](#)
- 2007: Launch of the Strategic Partnership at the [1st EU-Brazil Summit](#) in Lisbon
- 2008: Adoption of the [Joint Action Plan 2009-2011](#) at the [2nd EU-Brazil Summit](#) in Rio
- 2010: Conclusion of the [Bilateral Aviation Safety Agreement \(BASA\)](#)
- 2011: [Signature of the 'horizontal' Air Transport Agreement](#)
- 2013: Adoption of the [Joint Action Plan 2012-2014](#) at the 6th EU-Brazil Summit in Brasilia.
- 2014: Creation of an [EP delegation for Brazil](#) in addition to the [EP delegation for Mercosur](#)
- 2017: [EU-Brazil Joint Statement – Ten years of the Strategic Partnership](#)

left-leaning candidates – Ciro Gomes and Fernando Haddad – have foreign policy preferences that largely emulate Lula's developmentalist and multipolar approaches to global governance, with priority being given to cooperation with developing countries in Latin America and Africa. These preferences could lead to a focus on South-South cooperation and a Brazil likely to hold positions diverging from developed countries' interests, for instance, in terms of market liberalisation. This could be much less the case with centre-left candidate Marina Silva, who has defined a broader set of geographical areas on which to focus foreign policy, and who shares the EU's preference for multilateralism in addressing climate change and sustainable development.

Centre-right candidate Geraldo Alckmin's victory would mean continuity with the Temer government's foreign policy in terms of opening up the country to international trade based on neo-liberal approaches. Contrary to the Lula and Rousseff governments, which kept the US at a distance, far-right candidate Jair Bolsonaro would seek [closer alignment](#) with Trump, given the overlap of their conservative mind-sets (importance of the military, easing gun control, privileging business interests over human rights and indigenous rights, etc.). This alignment would most likely be in areas such as the fight against drugs and organised crime, and illegal immigration.

Convergence also exists as regards the intention to set [limits](#) on Chinese investment in Brazil, for example, with regard to land and mineral deposits. However, Bolsonaro's intention to liberalise the Brazilian economy appears to be at odds with Trump's trade protectionism and trade war experiments, which Brazil could not afford and would be unlikely to emulate. By contrast, Bolsonaro shares Trump's preference to pursue national interests through bilateralism rather than multilateral frameworks. Brazil's withdrawal from the [Paris Agreement](#) and the [UN Human Rights Council](#) would have a strong negative impact on EU-Brazil relations and would provide few prospects for convergence on positions in fields where they currently exist, or for Brazil to be considered an EU partner in consolidating multilateralism.

European Parliament position

On 4 July 2018, the EP adopted a [resolution](#) praising Brazil and other countries in the region ... for their active help and solidarity vis-à-vis Venezuelan refugees and migrants, and noting the European Commission's additional emergency aid and development assistance of €35 million for the region.

On 24 November 2016, the EP passed a [resolution](#) condemning the violence perpetrated against the indigenous communities and deploring the poverty and human rights situation of the Guarani-Kaiowá population in Mato Grosso do Sul.

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