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## FEATURED Q&A

# Who Has the Edge in Brazil's Race for the Presidency?



Brazilian President Jair Bolsonaro touted new social spending on a national radio program last month. // File Photo: Brazilian Government.

**Q** Far-right Brazilian President Jair Bolsonaro launched his campaign for re-election on March 27. Although he expressed confidence in a victory at a campaign event, Bolsonaro faces a tough challenge from leftist former President Luiz Inácio Lula da Silva, who is leading in polls. What factors between now and the October election will decide the race? What would Bolsonaro have to do in order to narrow the gap with Lula? How important is the choice of running mate for both Bolsonaro and Lula, and what would their vice-presidential candidates help them achieve?

**A** Guilherme Casarões, assistant professor at the São Paulo School of Business Administration of the Fundação Getúlio Vargas: "Despite the atmosphere of optimism surrounding Lula da Silva's candidacy, which sits comfortably at over 40 percent, Bolsonaro has seen his name rise in recent polls. The president seems to have benefited from the growing sense of post-pandemic normalcy, boosted by blatant early campaigning and wide use of populist economic policies to consolidate support among the retired and unemployed. Recent changes in Brazil's political landscape may also favor the incumbent. His main contender in the right-wing camp, former Justice Minister Sérgio Moro, has apparently dropped out of the presidential race. As negotiations among center-right parties to offer an alternative candidate stall, Bolsonaro will be able to direct his disinformation-based attacks at Lula, his political nemesis. But last-minute fiscally irresponsible policies are not sufficient to revert the administration's double-digit

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President Pedro Castillo has ordered the armed forces to supervise the country's highways for the next month in the face of trucking blockades over inflation that have halted travel and commerce.

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Castillo // File Photo: Peruvian Government.

## POLITICAL NEWS

## Peru Calls on Military to Restore Order on Nation's Highways

The administration of Peruvian President Pedro Castillo on Thursday ordered the armed forces to supervise the country's highways for the next month in the face of trucking blockades over inflation that have halted travel and commerce, Reuters reported. The country has been beset by road blockades for over a week despite pledges by the government to cut the cost of food and fuel. Clashes between protesters and police in Ica, south of Lima, and elsewhere in the country have left at least six people dead, the Guardian reported. Speaking at an event on Thursday in Huancayo, Castillo expressed condolences for the relatives of people who have been killed and injured in the most recent protests, saying that he felt solidarity with their social concerns such as access to water and education, state news agency Andina reported.

## Mexico Supreme Court Gives Nod to AMLO's Energy Plans

Mexico's Supreme Court on Thursday ruled that President Andrés Manuel López Obrador's contentious energy reform law was not unconstitutional, though justices took issue with a measure to give majority market share to the state electricity provider. The 11-member Supreme court was split on the energy reform law's constitutionality, with seven justices voting to overturn the law—just one vote shy of the two-thirds majority needed to sink the reforms, which López Obrador has made one of the keystones of his economic agenda, the El Sol de México newspaper reported Thursday. The most controversial part of the energy law would give 54 percent control of the electricity generation market to the Federal Electricity Commission (CFE) and put new rules and

conditions on private power generation firms that had a minority share, Bloomberg News reported. Many of the justices who voted in favor of ruling the law unconstitutional did so on the grounds that it would end free economic competition in the energy market and hinder the development of renewable sources of energy,



Supreme Court President Arturo Zaldívar // File Photo: Mexican Government.

according to El Sol de México. Private companies still have at least one legal avenue—they could file injunctions against individual articles of the law, and those injunctions could be successful in court as they only require a simple majority vote by magistrates, Reuters reported. The Supreme court will review two additional challenges to the energy law on April 18, the wire service reported. López Obrador's reforms are due to be debated in Congress next week. He needs opposition support to reach the two-thirds majority required for constitutional changes, Reuters added.

## Latin America Split in U.N. Vote Over Russia's Actions

The nations of Latin America and the Caribbean were divided in a United Nations vote held Thursday on whether to expel Russia from the body's Human Rights Council over alleged atrocities it carried out in Ukraine, the Miami Herald reported. Predictably, longtime allies of Russia such as Cuba and Nicaragua voted against the measure, as did Bolivia. However, the two largest nations in Latin America, Brazil and Mexico, chose neutral ground. "Brazil decided to abstain from the vote as it understands that the initiative will imply polarization and politicization of the discussions of the

## NEWS BRIEFS

## Mexicans Head to Polls Sunday for Recall Vote

Mexican citizens head to the polls on Sunday to cast ballots in a recall referendum on President Andrés Manuel López Obrador that he himself called for. It is the first time in the country's history when citizens will vote on whether their president should finish a term. He is widely expected to pass the vote, although low turnout of perhaps 20 percent of eligible voters is anticipated. In a poll published in daily newspaper El Financiero last month, 52 percent of Mexicans said the vote was unnecessary.

## Ecuador Banana Exports Fall Due to War in Europe

Ecuador has exported an estimated 5 million fewer boxes of bananas in the five weeks since the war started in Ukraine, Fresh Plaza reported Thursday. According to figures from the Andean nation's Banana Marketing and Export Association (Acorbanec), Russia and Ukraine typically account for 25 percent of Ecuador's total banana exports. The amount in taxes paid to the government for the bananas exported to Russia had decreased by 23 percent in the first four weeks of the conflict. Last year Ecuador exported 376 million boxes of bananas abroad.

## New Survey Shows Petro, Fico Will Head to Second Round in Colombia Vote

Leftist former guerrilla Gustavo Petro and Federico Gutiérrez, a recent mayor of Medellín, would likely go to the second round of voting in Colombia's presidential election next month, El Tiempo reported today, citing the latest survey by the National Consulting Center. Petro has 34 percent support, while Gutiérrez, known as Fico and who entered the campaign last August without backing from a major party, has 23 percent of voter intentions. Several other candidates trailed far behind. The poll surveyed 1,965 citizens via telephone from April 4-7.

Human Rights Council. It could also result in the disengagement of relevant actors and make dialogue for peace difficult," Brazil's foreign ministry said in a statement. Numerous Caribbean nations, several of which have traditionally aligned themselves with Venezuela, also abstained from the vote. The resolution passed in the U.N. General Assembly with 93 votes in favor, 24 against and 58 abstentions, although Russia chose to resign its membership from the Human Rights Council later in the day, sharply criticizing the process.

## ECONOMIC NEWS

## Puerto Rico Power Outage Shuts Down Businesses, Schools

An overnight fire at a power station in Puerto Rico plunged the U.S. territory into darkness, forcing school and government closures on Thursday, NBC News reported. The massive blackout left more than a million people without power, about a third of the island's population. Luma Energy, a private company that took over Puerto Rico's power transmission and distribution last year, said crews have been working to restore the service, although that could take days. Last month, Puerto Rico Governor Pedro Pierluisi announced that he was canceling a proposed debt restructuring agreement for its public power company, the Associated Press reported. The proposed deal for the Puerto Rico Electric Power Authority (PREPA) is not feasible or in the territory's best interest, said Pierluisi. "I am committed to achieving [the company's] exit from bankruptcy," the governor said, but added that he wants a deal that would give the island a more efficient, clean and reliable electricity system, the wire service reported. A spokeswoman for the federal control board that oversees the island's finances said the board supports Pierluisi's decision. Puerto Ricans currently pay about twice what customers in the mainland United States pay for power, according to the report. [Editor's note: See related [Q&A](#) in the July 2 edition of the weekly Energy Advisor.]

## BUSINESS NEWS

## Chile's HIF Global Raises \$260 Million

Chile-based HIF Global said this week it has secured approximately \$260 million in equity investments to fund the global expansion of its decarbonization business. In a statement, the company said the capital will be used for the development of carbon-neutral fuel projects in the United States, Chile and Australia that

will supply ships, cars, trucks and airplanes with renewable energy. The equity investors include funds managed by companies including Porsche, EIG, AME, Baker Hughes and Gemstone Investments. AME, which is the fifth-largest electricity generator in Chile with an installed capacity of 865 MW, will remain the majority shareholder. EIG's Chairman and CEO, R. Blair Thomas, will join HIF Global's board of directors. The company's vision is to "capture more than 25 million tons per year of CO2 from the atmosphere, produce approximately 150,000 barrels per day of eFuels and make more than 5 million cars carbon-neutral."

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nightmare, as inflation, unemployment and interest rates soar. Bolsonaro's otherwise successful blame-shifting strategy, which helped him secure his popularity amid a shameful pandemic response, will hardly allay popular discontent. In an election that will revolve around economic issues, Bolsonaro's challenge is to bend reality to fit his own narrative, while Lula needs to convince voters that the immediate future will look like the past. These are not easy tasks, and both frontrunners have cards up their sleeves. Besides mobilizing vast public resources, Bolsonaro has secured a strong party base through pork barreling and occasional kickbacks, while keeping the military in his pocket—and on the presidential ticket. In turn, Lula's greatest asset is people's fond memories of prosperity and abundance from his time in office, combined with a moderate rhetoric provided, among other things, by his vice-presidential candidate and former rival Geraldo Alckmin."

**A Peter Hakim, president emeritus of the Inter-American Dialogue:** "Brazil's presidential race will pit Bolsonaro against Lula, right versus left. No one else has a chance. The numbers today suggest Lula will win hands down, possibly even in the opening round. Yes, polls have narrowed in recent weeks, but Bolsonaro still trails by around 15 percent. Political betting sites, with real money

at stake, give Lula a 3 to 1 advantage over Bolsonaro. And recall four years ago when Lula's last-minute, relatively unknown stand-in candidate, Fernando Haddad, captured 45 percent of votes in a runoff with Bolsonaro. Surely, Lula himself will secure five points better this time, particularly given the current president's ruinous term in office. So far, Lula is sticking with the strategy that got him elected president twice before—holding to a

**“The best Bolsonaro can expect is a close second-round vote.”**

— Peter Hakim

largely centrist position on economic issues, and planning to make former governor Alckmin, a well-regarded center-right politician, his vice-presidential candidate. In contrast, Bolsonaro seems most intent on keeping his core supporters on the extreme right mobilized, while seeking votes in Brazil's poorest areas by boosting cash transfers. Today, the only serious pathway left for Bolsonaro's re-election is a robust, widely felt rebound in Brazil's economy. Yes, with the pandemic waning, signs of economic improvement are emerging: prices are rising for many of Brazil's exports, foreign investment has picked up steam and the country's currency has been strengthening. Still, the lion's share of

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economists foresee a sharp drop in Brazilian growth this year, coupled with higher inflation and global economic uncertainty. The economic clouds are unlikely to disappear prior to the election. The best Bolsonaro can expect is a close second-round vote. Some fear this could lead him to a Trump-like challenge to the vote count and just possibly create sufficient turmoil to upend the election. No, not very likely.”

**A** **Amanda Mattingly, security fellow at the Truman National Security Project:** “Current polling suggests former President Luiz Inácio Lula da Silva will win Brazil’s presidential election, as he has been polling consistently higher than current President Jair Bolsonaro. Many Brazilians are fed up with Bolsonaro, disgusted by his disregard for average Brazilians—women, in particular—and his handling of the pandemic, in which approximately 650,000 have died and the economy has suffered. Projected growth in 2022 is just 1.5 percent and poverty rates are back up to 2010 levels. Lula’s message of poverty reduction, therefore, resonates. Lula’s likely running mate, former São Paulo governor Geraldo Alckmin, is sending the same message with an added dose of fiscal responsibility to assuage financial markets. But Brazil’s race is far from over, especially as Bolsonaro tries to spend his way to victory. He recently announced \$32 billion in social programs and economic stimulus to help Brazilians facing a weak post-pandemic economy, rising inflation and unemployment. Bolsonaro knows the election will be won or lost on the economy. If Brazilians feel like they are doing better come October, Bolsonaro has a chance of closing the gap with Lula and, if the count is close, calling fraud. Bolsonaro has done much to undermine Brazil’s electoral system already. Also concerning is Bolsonaro’s likely pick for running mate: Defense Minister Walter Braga Netto, who joined others in the Brazilian Armed Forces to defend the 1964 coup d’état for ‘strengthening the country’s democracy.’

That Bolsonaro would try to use the military to maintain power seems a stretch, but it is certainly worth noting and keeping watch.”

**A** **Gilberto M. A. Rodrigues, head of the Graduate Program in International Relations at the Federal University of ABC in Brazil:** “The election for president in Brazil has consolidated into a scenario of polarization between Lula and Bolsonaro. The margin for the so-called ‘third way’ has narrowed. In successive opinion polls, Lula beats Bolsonaro in the first and second rounds. Bolsonaro has around 20 percent of voters, while his rejection rate is about 65 percent—the main obstacle to his reelection. The internal scenario of high inflation and unemployment, added to the external scenario of instability generated by the consequences of the pandemic and the war in Ukraine, make it difficult for the president to take any lawful measures to improve his electoral performance in the next months. He thus will certainly try to adopt populist policies (for example, in oil and gas prices) with little room for maneuvering. Therefore, there is the real fear that Bolsonaro will increasingly undermine the credibility of the electoral system and generate misinformation about the whole process in order to take advantage of the chaos—very similar to the scenario created by Trump in 2021. Lula chose Geraldo Alckmin, an experienced center-right politician and a former opponent, for his running mate, who gives the Worker’s Party candidate a moderate and balanced profile. Bolsonaro chose General Braga Netto, his former Chief of Staff and Minister of Defense, a running mate who does not add electorally, so it’s much more of a ‘political insurance’ against any eventual impeachment. It also generates distrust about Bolsonaro’s real intentions with this choice.”

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org).*

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