

Brazil Scenario

FEBRUARY 17, 2023

- Police are still looking for suspects to arrest in five states regarding the vandalism acts on January 8 in Brasilia.
- Illegal gold miners and deforestation caused the health crisis of the Yanomami indigenous people.
- President Lula and President Biden met in Washington with a focus on climate change and sustainability.
- Lula and President of the Central Bank held public discussions regarding interest rates during Bolsonaro's administration.

POLITICS

One Month After January 8

February 8 marked one month after the attacks and unrest in Brasilia. During these 30 days, several demonstrations were held by public, private, and international stakeholders supporting democracy in Brazil.

- ▶ Ibaneis Rocha, Federal District Governor, forwarded a request to the Minister of the Federal Supreme Court (STF), Alexandre de Moraes, to revoke the decision that removed him from office for 90 days. His defense claims that the evidence raised is insufficient to prove his participation in anti-democratic acts. However, public opinion continues to criticize his management during the crisis in Brasilia.
- ▶ Flavio Dino, Minister of Justice, formulated measures to intensify penalties for anti-democratic crimes and to create the Permanent National Guard to police the area of the main public buildings. The so-called "Democracy Package" is composed of four projects: one amendment to the constitution (PEC), one executive order (MP), and two bills. These measures are being analyzed within the executive branch before being sent for evaluation by Congress, where they will undergo changes and require wide agreement for approval.



- ▶ The Attorney General's Office (AGU) submitted the first request to the Federal Court of the Federal District for the final condemnation of those responsible for financing the attacks. The request points to 54 people, three companies, and one union, and requests that those involved pay BRL 20.7 million to cover part of the damages caused to the buildings and public art collections.

Humanitarian Crisis in Yanomami Land

Severe malnutrition, malaria, and other diseases have plagued Yanomami indigenous people. The Yanomami Indigenous Territory is 192,000 square kilometers of land demarcated by the Brazilian Federal Government in 1992 just north of the Amazonian rainforest near the Brazil-Venezuela border. The land that overlaps the states of Roraima and Amazonas is known for illegally mining gold and cassiterite, the major ore of tin. Since the land demarcation, authorities have been trying to stop those activities not only due to increasing violence but also environmental damage.



Source: *Correio Braziliense* – January 21, 2023.

In recent years, the environmental protection policies and the institutions responsible for combating illegal mining have been weakened. For example, the Brazilian Institute for the Environment and Renewable Natural Resources (Ibama) saw its funds reduced by 30% from 2019 to 2020. While the budget of Chico Mendes Institute for the Conservation of Biodiversity (ICMbio) was reduced by 32.7% over the same period. In 2021, the Environment Department's overall budget was at its lowest since 2010.

The current Ministry of Health made a report declaring a Public Health Emergency of National Concern at Yanomami Indigenous Territory. This report emerged after President Lula visited the state of Roraima, where he met with Yanomami leaders. As a result of the meeting, a significant operation with the Ministries of Health, Justice, Indigenous Peoples, Defense, and Social Assistance, as well as the Armed Forces and the Federal Police, was established. In addition, the current administration created the Ministry of Indigenous Peoples, run by Sônia Guajajara (PSOL), and a secretariat for Indigenous Health at the Ministry of Health (MoH), run by Ricardo Weibe Tapeba.

This operation will increase the protection of the Yanomami's land. The first step is the massive destruction of the machines used for illegal mining, the removal of illegal miners, and the construction of a more extensive infrastructure of health assistance, considering that many Yanomami children face malnutrition and malaria infections are on the rise.

Social Media Repercussion

Twitter users and members of Congress blamed the crisis on the Bolsonaro Administration. They criticized the former president for the acts that undermined environmental policies and allowed illegal mining to thrive on indigenous land.



TRANSLATION

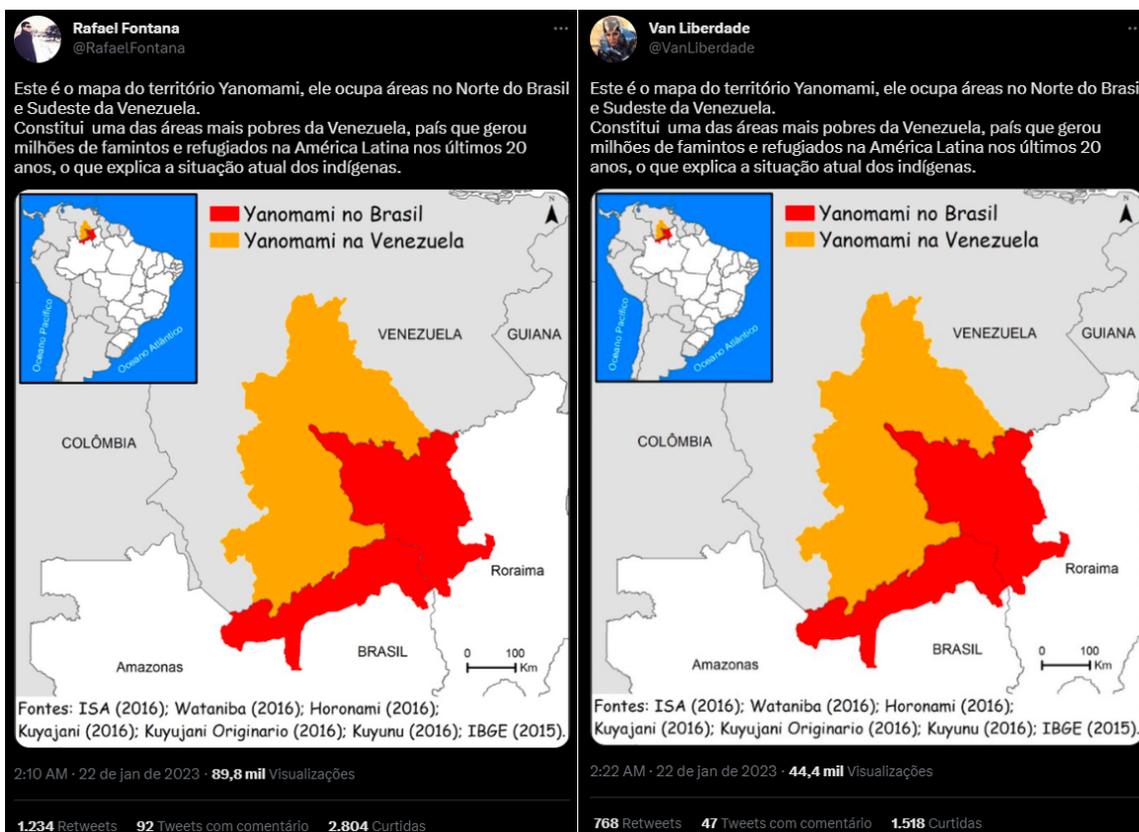
Ivan Valente

The illegal mining, which poisons and kills in Yanomami lands is a form of organized crime, with a complex structure, heavy machinery and airstrips, as well as political ties. It was Bolsonaro who undermined FUNAI and IBAMA (agencies of the environmental and indigenous people) and stalled the PF (federal police) and the FFAA (armed forces). He must pay!

Talíria Petrone

Bolsonaro's party wants to nominate that slimeball Ricardo Salles to the presidency of the Environmental Committee in the House of Representatives. The same one who encouraged illegal mining and arson in our biomes. We must stop this disaster!

On the other hand, Bolsonaro's supporters linked the crisis and the dire conditions of the Yanomami reserve to the Venezuelan government since parts of the Yanomami territory are in Venezuela. This misinformation was spread via WhatsApp and Telegram and amplified by right-wing influencers.



TRANSLATION

Rafael Fontana and Van Liberdade

This is the map of the Yanomami territory, it occupies areas in the north of Brazil and in the southeast of Venezuela. It is one of the poorest regions of Venezuela, a country that created millions of famished and refugees in Latin America in the last 20 years, which explains the indigenous people's current situation.

There was a spike in the volume of searches on Google for "Yanomami" and "garimpo" (artisanal mining) after President Lula visited the Yanomami reserve. Users also made searches linking the "Yanomami" term to "Bolsonaro," "Lula," and "Venezuela," as well as relating the "garimpo" term to "Yanomami."

There were also searches about the origin of the Yanomami and where they live, which may indicate a need for more knowledge among the Brazilian public of the indigenous groups and their way of life.

President Lula meets with President Biden

On Friday, February 10, President Lula met with President Biden in Washington, D.C. Earlier in the day, he met with Senator Bernie Sanders and other Democratic representatives such as Pramila Jayapal, Alexandria Ocasio-Cortez (AOC), and Ro Khanna. Sanders stated on social media that he and Lula discussed democracy, labor rights, and climate change.

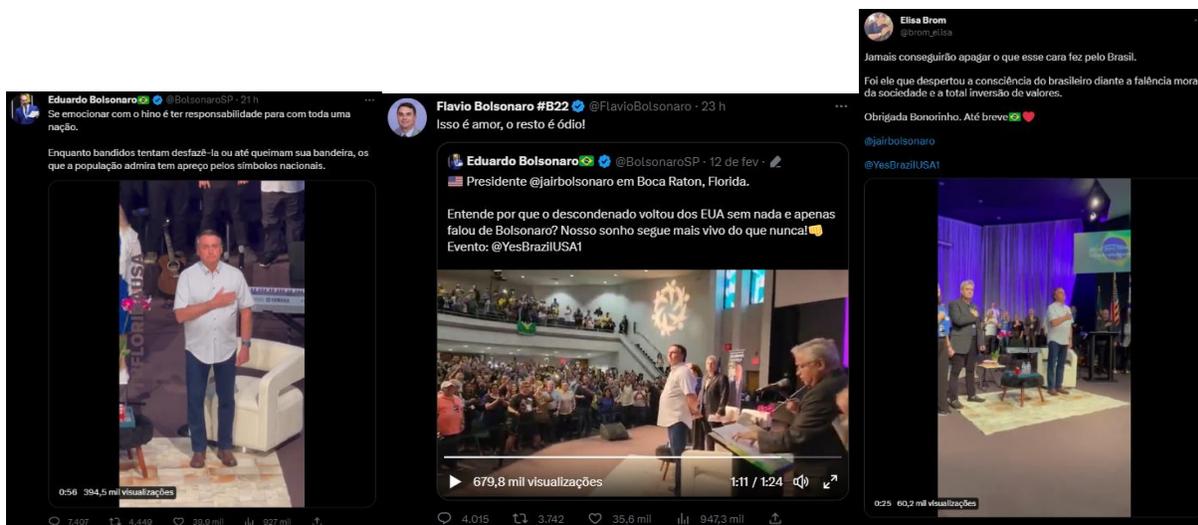
The delegation included: Mauro Vieira, Foreign Minister; Fernando Haddad, Minister of Finance; Marina Silva, Environment Minister; Anielle Franco, Racial Equality Minister; Márcio Elias Rosa, executive secretary of the Ministry of Development, Industry, Commerce, and Services; Jacques Wagner, the leader of the government in the Senate; Celso Amorim, chief advisor of the Special Advisory Office of the Presidency of the Republic (Lula's former Foreign Minister).

Support for democracy, human rights, and the environment were the main topics discussed. The Biden administration demonstrated an intention to join the Amazon fund, and Brazil is eager for more countries to contribute to help the protection of the rainforest and sustainable development.

In the interview, Lula stated that he intends to visit several countries to understand how government leaders deal with attacks on democracy. However, the president's agenda has yet to reflect other trips of this nature.

This meeting was highly anticipated and suggest that US-Brazil relations might be resettling after the distant relationship between Biden and Bolsonaro.

Social Media Repercussion



TRANSLATION

Eduardo Bolsonaro

Being touched by the national anthem is being responsible for a whole nation. While crooks try to ruin it and even burn its flag, the ones that the people look up to respect the national symbols.

Flávio Bolsonaro (retweeting Eduardo Bolsonaro)

This is love, everything else is hate!

President @jairbolsonaro in Boca Raton, Florida.

Now you understand why the "uncondemned" came back from the USA with nothing to show and just criticized Bolsonaro? Our dream is more alive than ever!

Event by @YesBrazilUSA1

Elisa Brom

They will never be able to erase what this man did for Brazil.

He was the one that woke up the Brazilians' conscience for the moral failing of society and the complete corruption of values.

Thank you, "Little Bolsonaro." See you soon!

We can note that the polarization in social media between Lula's and Bolsonaro's supporters continues, despite the end of the elections. After remaining quiet for the subsequent months after the election's result, Bolsonaro reappears through his and his sons' profiles.

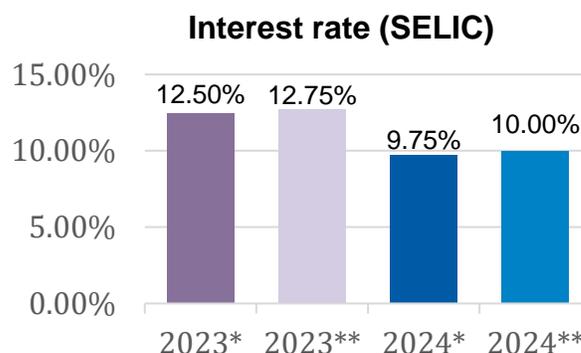
ECONOMY

Inflation (IPCA)

The official inflation index (IPCA), measured by the Brazilian Institute of Geography and Statistics (IBGE), grew by 0.53% in January, mainly influenced by increased food prices. It's the fourth consecutive month of increase. Considering the last 12 months, the indicator accumulated an increase of 5.77%, above the target ceiling, which established a maximum limit of 4.75% for this year. Lula's administration is discussing the possibility of amplifying this limit, which would allow a reduction in interest rates.

Interest rates

The forecast of the interest rate (Selic) for 2023 increased from 12.50% to 12.75%, according to the last Focus Report (consolidated by the Brazilian Central Bank). The expectation also points in that direction for next year: it rose from 9.75% to 10.00%. President Lula has criticized the country's interest rates, calling them "shameful" and saying there is no justification for the current interest rate levels.



*Market projections for interest rate (SELIC) compiled by the Brazilian Central Bank on January 13, 2023.

** Market projections for interest rate (SELIC) compiled by the Brazilian Central Bank on February 13, 2023.

The Debate of Central Bank's independence

President Lula has questioned the independence of the Central Bank and even suggested a revision of its status. In his view, the problem is not that the Central Bank is an independent institution but what he called "the culture of high-interest rates," which does not match the need for investments.

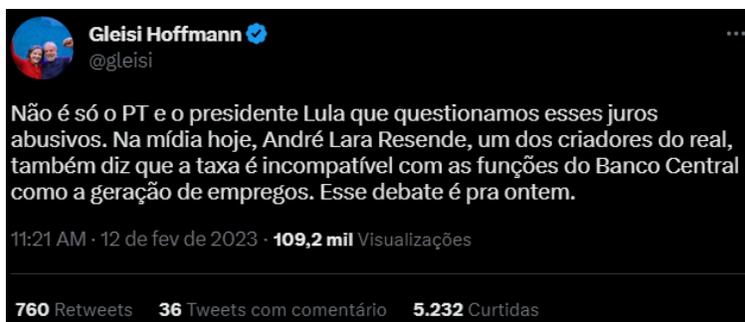
Considering the current economic scenario, the Central Bank has sought to implement a monetary policy to get closer to the established inflation target, setting the interest rate to control the prices. In Brazil, the role of the Central Bank is to ensure that the maximum limit set for inflation is not exceeded. For this purpose, its autonomy is guaranteed by a law recently passed on February 2021. In the event of non-compliance with the expected inflation target, the law even obliges the president of the Central Bank to justify it.

It is also worth noting that the conflict between the authorities may have a political dimension, considering that Campos Neto, president of the Central Bank, was appointed during Bolsonaro's administration, and his mandate finishes only in 2024. Therefore, to be replaced, he must resign.

However, he has declared that he will work with the new government and debate the inflation target. He was interviewed on February 13 by a large TV network and claimed that he is optimistic about the advance of the Tax Reform and relationships with Minister of Finance Fernando Haddad and Minister of Planning Simone Tebet, who are part of the Monetary Policy Council (COPOM).

Social Media Repercussion

Twitter had many debates and comments surrounding the issue. For example, on February 13, André Lara Resende, economist and one of the founders of Brazil's Plano Real, which aimed to counter inflation during the 1990s, criticized the current Brazilian interest rate. His name was in the microblog's trending topics throughout the day, and members of PT shared his remarks.

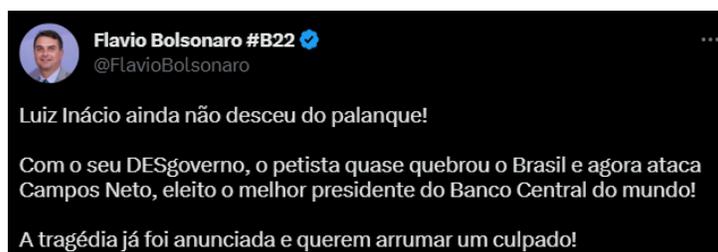
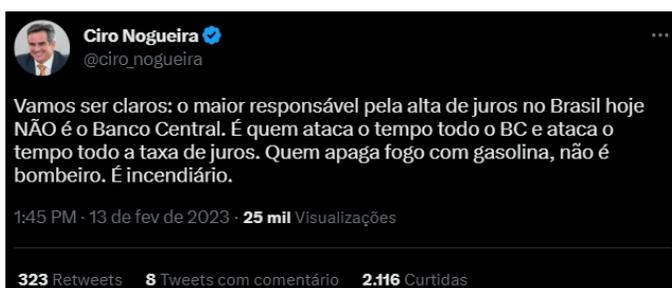
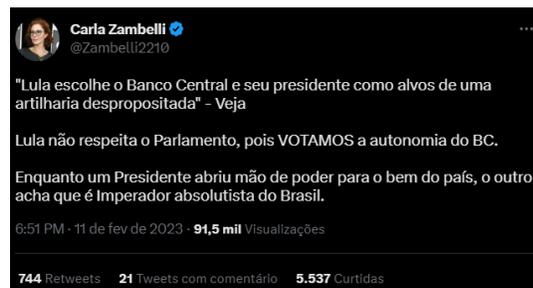


TRANSLATION

Gleisi Hoffmann

It not just PT and President Lula that question this appalling interest rate. Today on the news, André Lara Resende, one of the creators of Plano Real, states that the rate is not adequate for the Central Bank roles, like the creation of jobs. This is an urgent debate.

Lula's recurring comments about the Central Bank's autonomy and the interest rates also drew criticism from members of the opposition. The question will probably generate more controversy during the following weeks, with opposition members using it to target the Lula Administration.



TRANSLATION

Carla Zambelli

"Lula chooses the Central Bank and its president as targets for unprompted attacks" - Veja Magazine
Lula doesn't respect the Parliament - which VOTED for the Central Banks autonomy.
While one president gave up his power for the good of the country, another one thinks he's Brazil's emperor.

Ciro Nogueira

Let's be clear: the one responsible for today's Central Bank's high interest rate is not the Central Bank. It's the one who keeps attacking the Central Bank and the interest rate. Someone who puts out a fire with gas is not a firefighter, but an arsonist.

Flávio Bolsonaro

Luiz Inácio has not stopped the campaign.
With his "ungovernment," he almost broke Brazil and now attacks Campos Neto, who was elected the world's best Central Bank president!
The tragedy was called out and they want to find an escape goat!

The issue is likely to spark further controversy in the coming weeks, with opposition members using it to target Lula's government. It will be interesting to observe how Simone Tebet's supporters will comment on that on social media. She was once a Bolsonaro supporter, then a third-way candidate on the elections, and later a supporter of Lula's campaign. She is now Minister of Planning and participates in COPOM with Fernando Haddad (Minister of Finance) and Campos Neto (BACEN).