

Public Affairs in Brazil

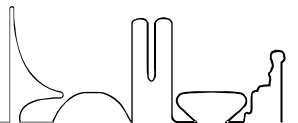
Public Affairs Council

April 2019



Agenda

- Brazil in perspective: Latin America – political, social and economic overview
- Case study
- Top PA challenges
- Key takeaways



About PATRI

Insightful counsel based on high ethical standards



On the ground
public affairs
company



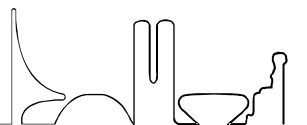
Market leader with **30+**
years of experience in
Brazil and **20+ abroad**



Focus on **private initiative**
and **long-term relationships**
with clients



Recognized for **ethical**
and **effective**
performance



Brazil in perspective: Latin America



Brazil snapshot



209M inhabitants



147M voters



8th global economy

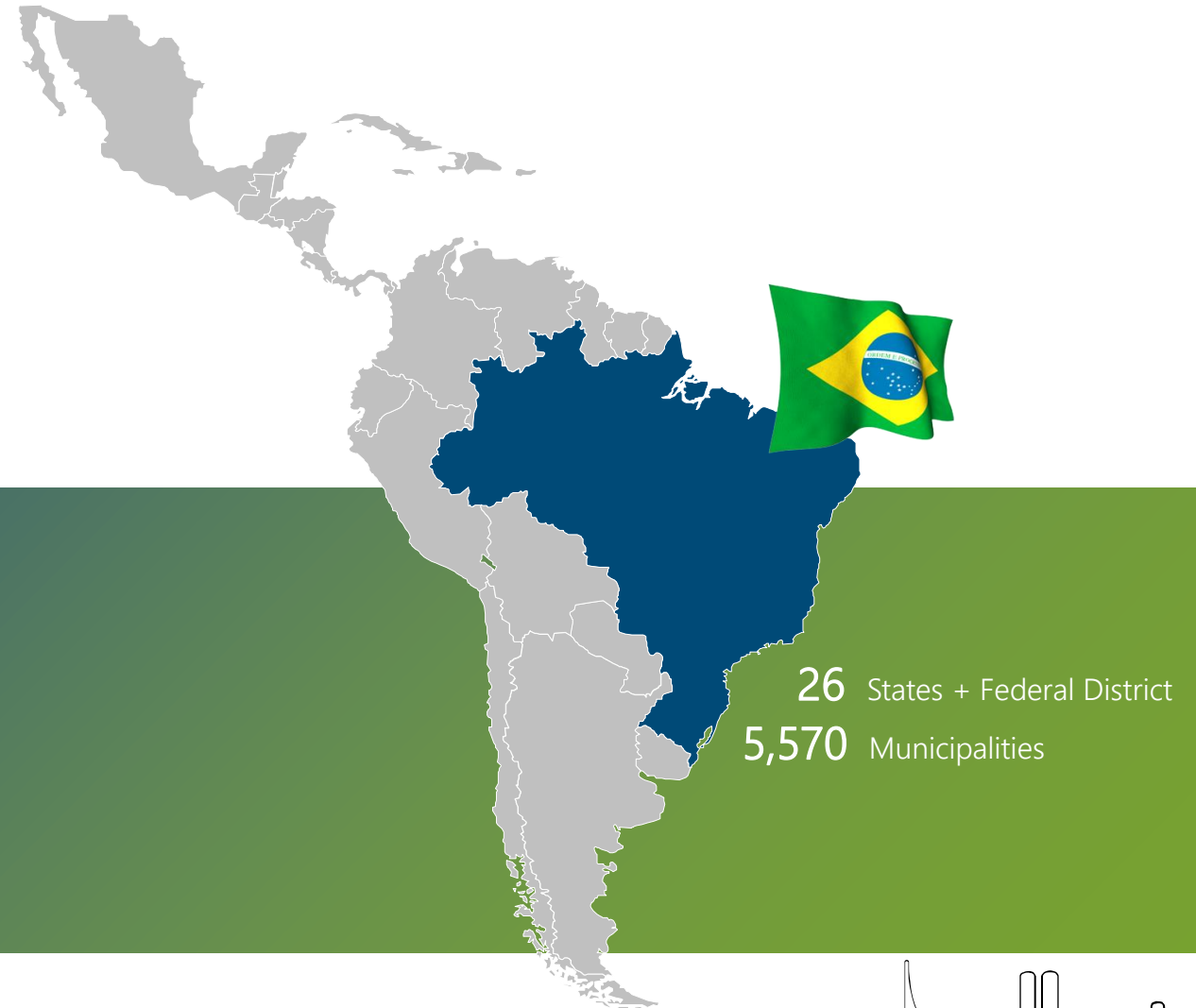


2T_(US\$) GDP



79^o_(0.75) HDI

- World's fourth-largest democracy
- A third of Latin America's population
- The region's largest area and economic production
- Socially diversified country



Source: Brazilian Institute of Geography and Statistics,
Superior Electoral Court, UNDP, WEF, IMF, UN



Economic overview

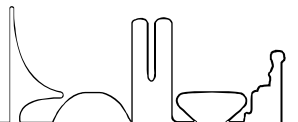
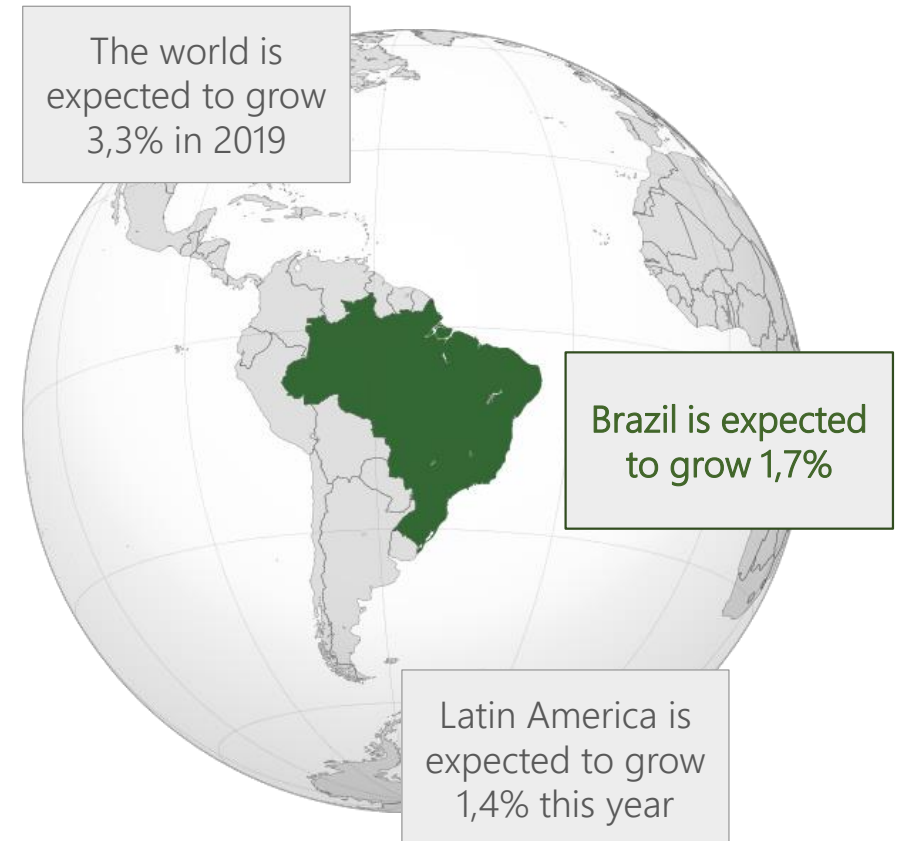
Economic perspectives

A long road for economic recovery

INDICATOR	2017	2018	2019 FORECAST
GDP growth	1.1 %	1.1 %	1.7 %
Industry output	2.5 %	1.8 %	1.7 %
Investment rate (% GDP)	15.6 %	15.8 %	15.9 %
Unemployment rate	11.8 %	11.6 %	11.4 %
Budget deficit (% GDP)	- 7.8 %	- 7.0 %	- 7.3 %
Gross public deficit (% GDP)	- 74.0 %	- 76.7 %	- 90.3 %

Pension overhaul is crucial for rebalancing public accounts,
but **it is not enough** for resuming Brazil's growth

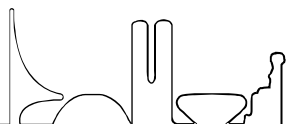
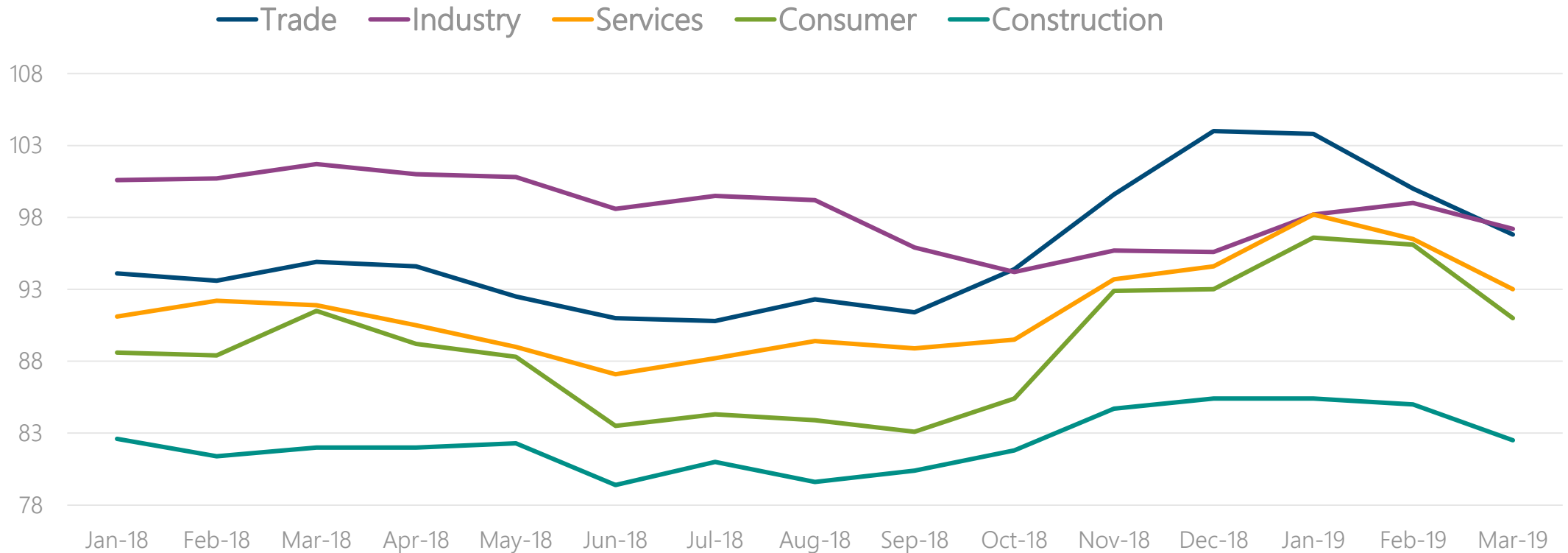
Expenses with the pension system
represent **52% of the federal budget**



Economic perspectives

Business confidence indexes receding

Consumer and business confidence



Ease of doing business in Brazil

Brazil steps up reform agenda

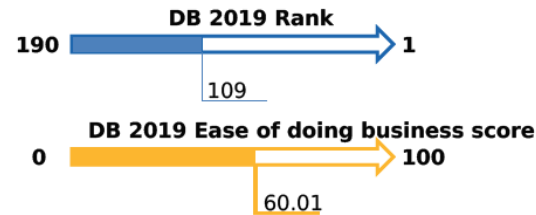
Doing Business 2019

Brazil

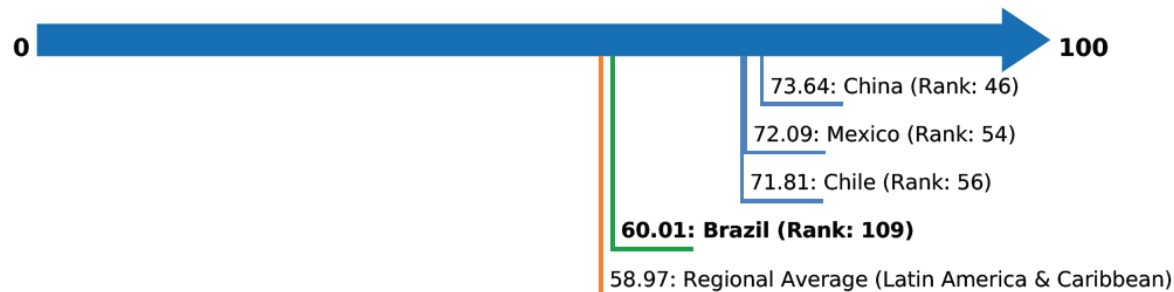
Ease of Doing Business in
Brazil



Region	Latin America & Caribbean
Income Category	Upper middle income
Population	209,288,278
City Covered	São Paulo , Rio de Janeiro



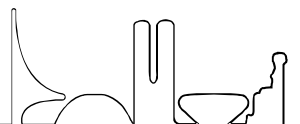
DB 2019 Ease of Doing Business Score



Note: The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since 2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190.

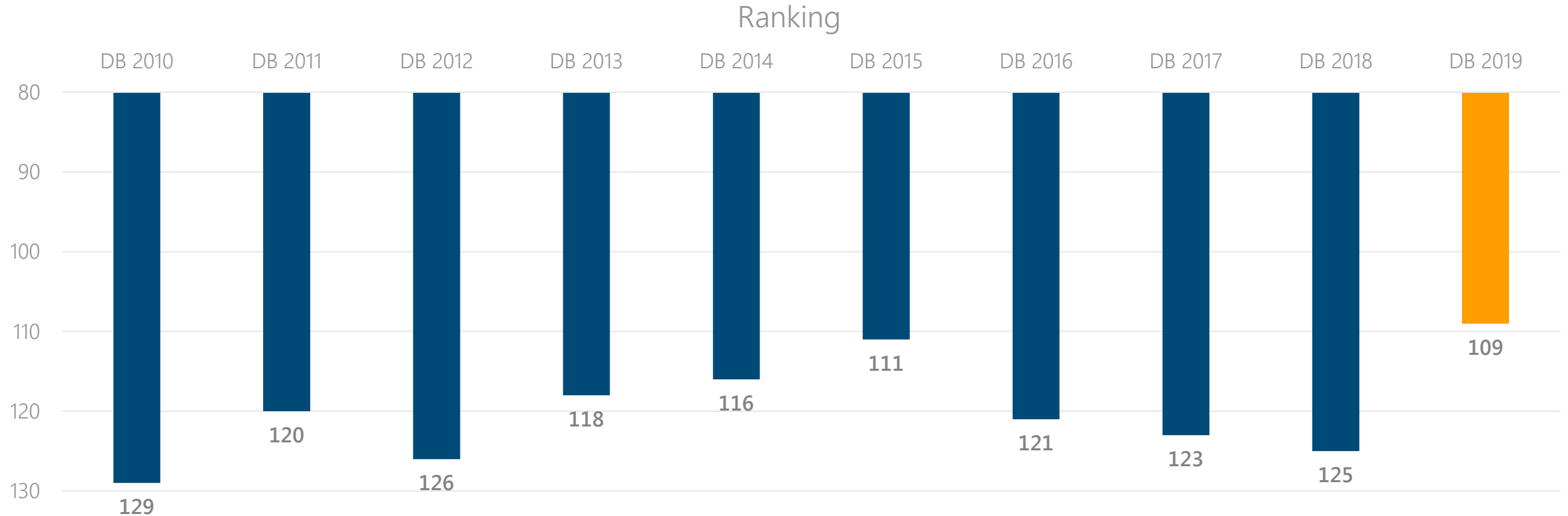
It takes **20.5** days to
start
a business in Brazil

World average is
20.12 days



Ease of doing business in Brazil

Brazil holds the best placement in 10 years



Note: the numbers go up and down due to index methodological changes throughout the years

Source: WBG 2019



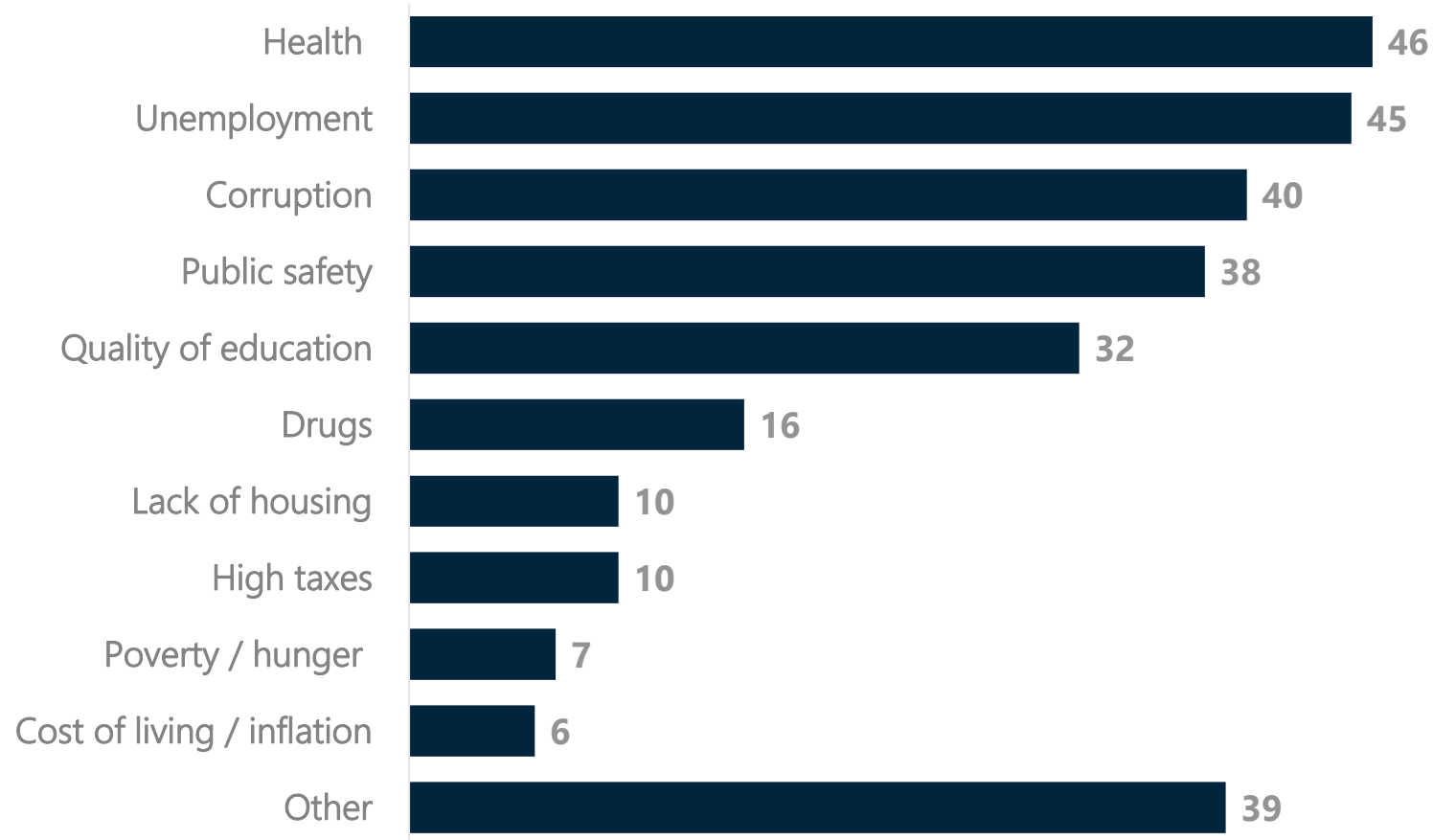
Brazilian society



Brazilian civil society

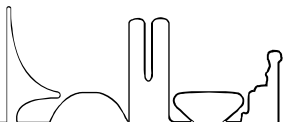
Principal gaps

Key issues according to Brazilians (%)



Note: each interviewee was able to choose up to three main gaps

Source: National Confederation of
Industry (CNI) 2018

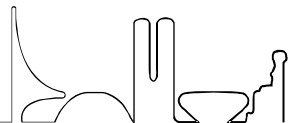


Brazilian civil society

The collective mood



- Deeply divided country
- Conservative x progressive agenda
- Impatience with low-quality and/or high-priced goods and services
- Strong rejection to impunity and corruption
- Digital activism is on the rise
- Scrutiny of politicians and companies may lead to criticism



Political landscape



5th Power? – Social Media



11.2M followers



10.7M followers



3.8M followers



2.4M followers



"Bolsonaro carrying his lethal weapon, which terrorizes the press"



Official presidential visit in Washington DC, in March



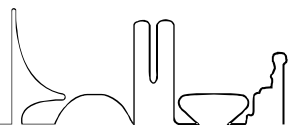
The Bolsonaro administration

Political coordination is needed to pass reforms in Congress



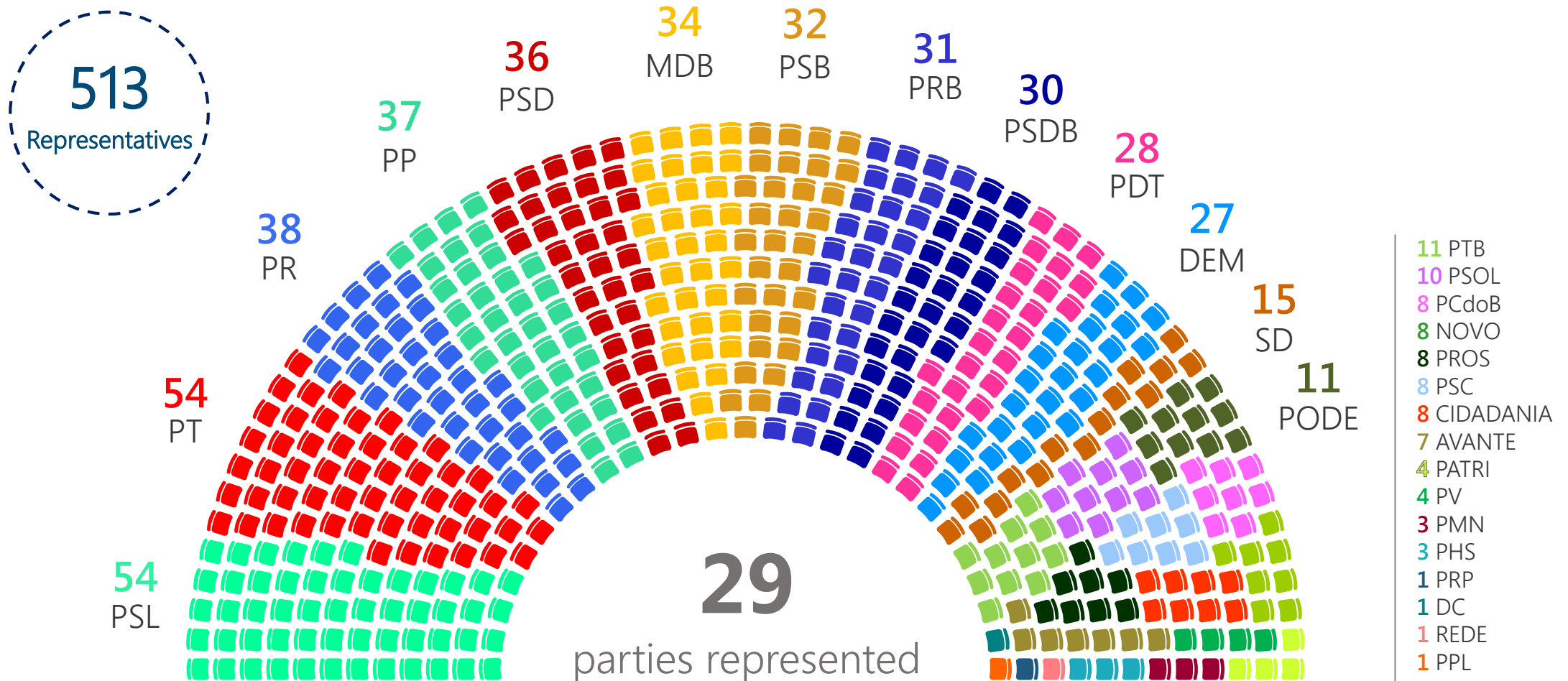
President Bolsonaro and House Speaker Rodrigo Maia the day the pension reform bill was delivered by the Executive branch to Congress

- 1st far-right president in 30 years
- Turbulent first 100 days with self-inflicted wounds
- Liberal economic government profile
- "New politics" x "old politics"
- Pension reform bill requires Congress coalitions
- Investors holding off on their plans
- Public support pending concrete achievements



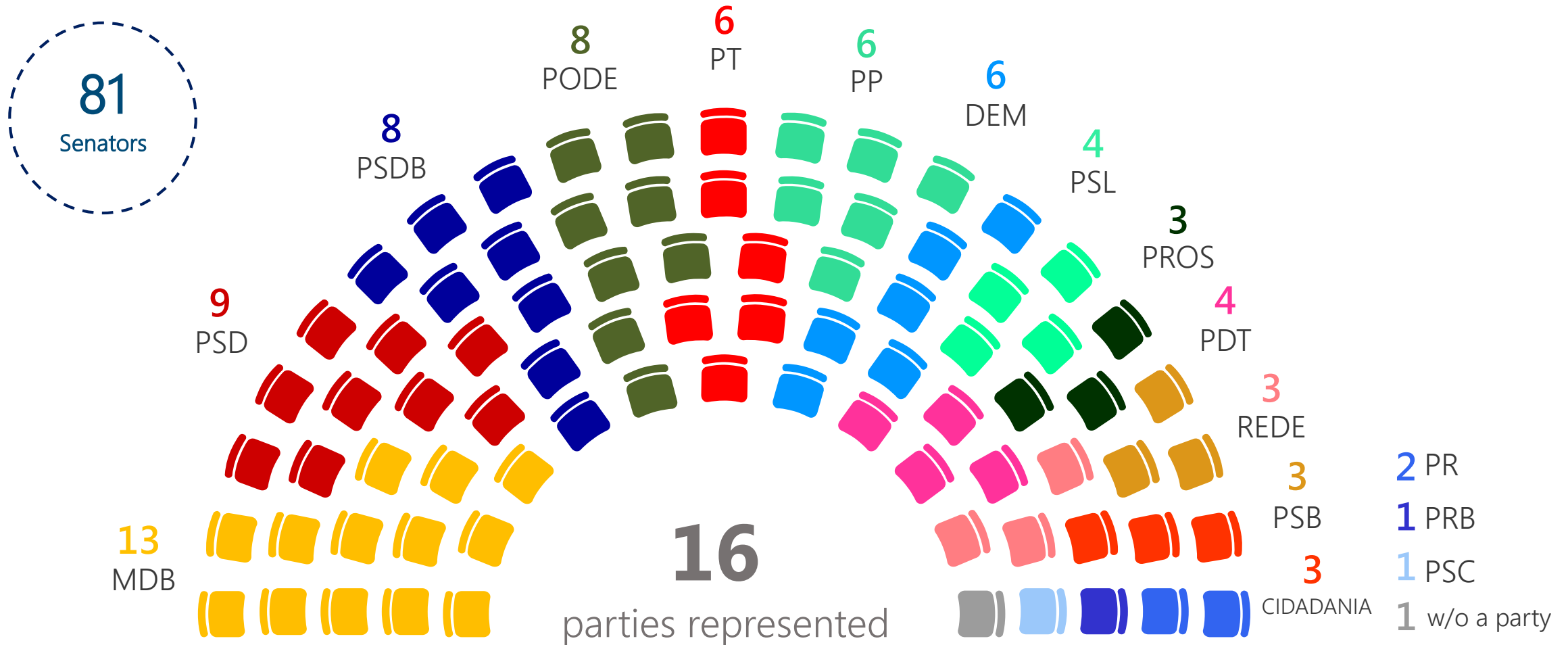
House of Representatives

Political party composition



Senate

Political party composition



Case study

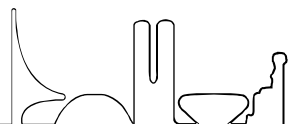
Approval of the use of embryonic stem cells in Brazil



Former president Dilma with Mayana Zatz,
a top scientist in this field



The orange gerbera became the
symbol of the advocacy campaign

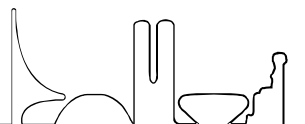
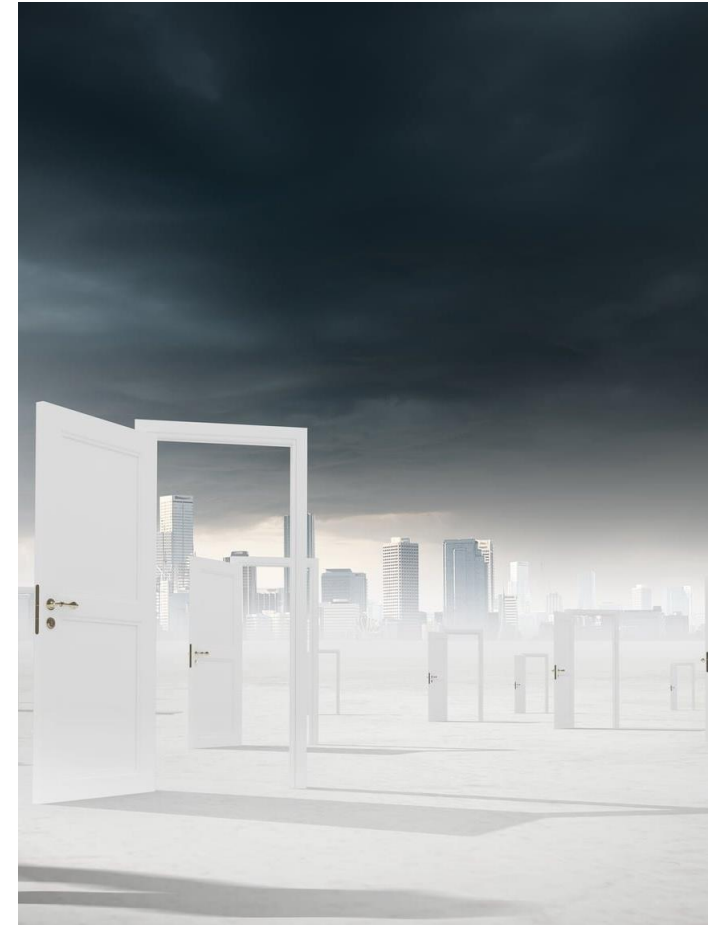


Risks & Opportunities



Top PA challenges

- New administration and Congress have many new stakeholders
- Tricky political environment and lack of clear policy direction
- Dire economic situation leaves little room for negotiations over tax benefits
- Digital activism as a force for public engagement
- Citizen criticism towards the government and companies is on the rise



Key takeaways

- 1 There are more similarities between issues across countries than we think
- 2 Companies must give the highest priority to transparency and compliance
- 3 Engaging should not be ruled out in this adverse environment





PATRI is Brazil's leading public affairs company with more than 30 years of experience in helping companies navigate the complex world of public policy, issues management and government relations in Brazil. With a team of over 75 professionals located in Brasília, São Paulo and Washington, DC, PATRI's expertise combines an in-depth understanding of multiple sectors, industries and stakeholders with an exhaustive knowledge of all branches of federal, state and municipal governments. For further information please contact us



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