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Regulation: Reelection of President Lula Raises Hopes for Brazilian Environmental Policy

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Regulation



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On October 30, Luiz Inácio Lula da Silva (Lula) was elected President of Brazil for a third term, having previously governed Brazil for two consecutive terms between 2003 and 2010. Lula's narrow victory follows a divisive election campaign against incumbent Jair Bolsonaro and Lula's corruption convictions, which led to his imprisonment for 580 days. Lula was able to stand as a presidential candidate only after these convictions were quashed by the Brazilian Supreme Court for not having been heard in the appropriate court. He will assume office on January 1, 2023 and is expected to pursue progressive environmental policies.

In his victory speech, Lula reemphasized his policy ambitions, stating "Brazil is ready to resume its leading role in the fight against the climate crisis" and "we will prove once again that it's possible to generate wealth without destroying the environment." During the presidential campaign, he promised to grant protected status to new areas totaling half a million square km of Amazon rainforest, subsidize sustainable farming, crack down on deforestation and make changes to Brazil's tax code to facilitate green investment.

If the stated policy goals are able to be implemented, Brazil is likely to benefit from increased international investment into environmental and sustainability projects. Western governments and international investors were highly critical of Bolsonaro's climate-skeptic public statements and funding freezes of federal environmental protection agencies. Environmentally-focused financial think tanks such as Planet Tracker have published [reports](#) describing the negative long-term effects of Amazonian deforestation on the Brazilian economy. Policies aimed at slowing deforestation will be closely watched by international investors.

Taking the Temperature: Lula has outlined an ambitious agenda in relation to environmental policy. International investors have already indicated support for his program and have underlined the primary importance of slowing deforestation in the

Amazon rainforest. However, Lula will face a tough challenge in passing legislation through the Brazilian legislature, where his party does not have a clear majority. He will also need to contend with the powerful and well-resourced agribusiness lobby. If policies can be implemented, Brazil could benefit from a green investment boom. We will continue to monitor concrete policy proposals as they emerge and provide updates accordingly.