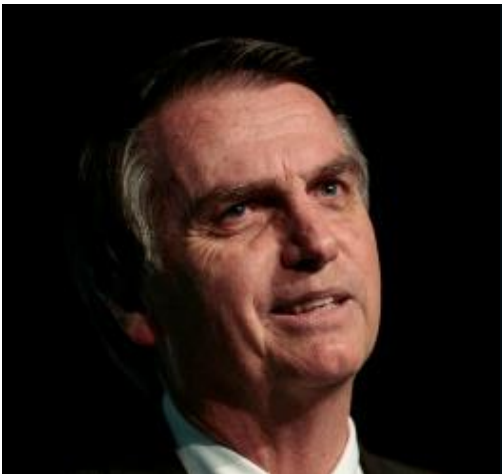


Investing in LatAm in 2018:  
Not politics as usual

## Brazil's new president: Jair Messias Bolsonaro



### The rundown

**Party** - Social Liberal Party – PSL (with support from Brazilian Labour Renewal Party – PRTB)

**Economic stance** - Liberal economic model mixed with statist viewpoints

**Tax policy** - Corporate tax reduction and simplification of the tax system

**Trade policy** - Incentives for exports and reduction of the bureaucracy associated with foreign trade operations

**Security policy** - Increased investments in public security and expansion of the role of the federal government (rather than state governments) in public security matters

### What a Bolsonaro victory means for business

- ▶ Market-friendly approach, reduction of corporate taxes, deregulation
- ▶ Privatization of non-strategic state-owned companies
- ▶ Incentives for public-private partnerships (PPPs) in large infrastructure projects

### Challenges ahead for Brazil and the new administration

#### Reform agenda

There is an urgent need to rebalance public finances and introduce reforms, such as an overhaul of the pension and tax systems. However, differences between the neoliberal view of Bolsonaro's economic team and the more nationalist and statist stance espoused by PSL members (and occasionally Bolsonaro himself) may lead to impasses.

#### Violent crime and insecurity

Bolsonaro supports demonstrative policing, encouraging officers to directly confront organized criminal groups. While this policy could curb petty and street crime, the risk of violent crime will increase as clashes between security forces and criminals become more frequent.

#### Governability

As Bolsonaro's PSL does not have a majority in Congress, the party must rely on ad hoc alliances to further its policy agenda. The conservative reforms Bolsonaro pledged during his campaign on social issues such as abortion, gun rights and law and order will generate intense opposition.