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AVEQ

ELECTION BRIEFING

Brazil 2026

What the election result means for companies, leaders and investors operating in the country

OCTOBER 2026

EDITORIAL

Trust, the most exposed asset of the next cycle

This briefing is addressed to executives, investors and boards of directors of companies that, from anywhere in the world, do business in Brazil. We do not intend to repeat the press's factual coverage. Our aim is to interpret Brazil's post-election landscape and what it means for companies and leaders operating in the country.

In any economic or political cycle, **trust is an organization's most strategic asset**. It underpins credibility with investors, customer loyalty, the ability to attract talent, and legitimacy before regulators and society.

The 2026 result confirms a country split down the middle. The president was re-elected with 51.79% of valid votes, will face a Congress with a conservative majority and will govern under tight fiscal constraints.

In this setting, **trust also becomes the most exposed asset**. In the digital environment, a version of events spreads before anyone has time to verify it. Routine operational events, such as a labor lawsuit, friction with suppliers, a shareholder dispute or a cyber incident, are no longer seen as technical failures. They are read through an ideological lens, as tests of the company's integrity and character. At the same time, Brazil's tendency to take political and regulatory disputes to the courts raises operating costs and turns legal uncertainty into direct reputational risk.

To protect this asset, **the role of leadership is to stand firm on the values and principles on which the company was founded**. Under short-term pressure and political noise, the temptation to take shortcuts, engage in public clashes or adopt partisan positions is the quickest route to eroding credibility. Mature leaders know that long-term consistency, transparency and strict adherence to the company's ethical culture are the true anchors against instability.

Neutrality, however, does not mean absence. The cycle that begins in 2027 shifts the center of decision-making to Congress. Every regulatory issue, from taxation to working hours, from health to energy and digital platforms, becomes a longer and more public negotiation. The best-protected companies will be those that follow the legislative agenda methodically, engage with the entire political spectrum and communicate consistently. Those that bet on a single interlocutor or wait for the noise to pass run the greatest risk. In a divided country, preserving trust goes beyond reputation: it becomes a condition for operating.

Enjoy the read!



Paulo Andreoli
founder and CEO of AND, ALL — Reputation and influence

RESULTS · 01

Lula wins with an unprecedented comeback, but the country leaves the polls split down the middle

Luiz Inácio Lula da Silva RE-ELECTED
PT

51,79%

64,256,232 votes

Flávio Bolsonaro
PL

48,21%

59,826,041 votes

Margin: 4.43 million votes · Runoff, 10/25/2026 · Source: TSE

Luiz Inácio Lula da Silva, of the Workers' Party (PT, center-left), was re-elected on October 25 for a fourth term (2027–2030). He governed the country from 2003 to 2010 and returned to office in 2023. He won 51.79% of valid votes (64,256,232 votes), the largest absolute vote ever recorded by a presidential candidate in Brazil. His opponent, Senator Flávio Bolsonaro, of the Liberal Party (PL, right) and son of former president Jair Bolsonaro, received 48.21% (59,826,041 votes).

It was the first time since the return to democracy that a candidate trailing in the first round won the presidential election in the runoff. On October 4, Flávio had finished ahead, with 47.03% against 45.16%, a lead of about 2.2 million votes.

Three factors explain the comeback:

- **More voters at the polls.** Voting is compulsory in Brazil, but the penalty for not voting is mild. Abstention, which historically rises in the runoff, fell from 21.08% to 19.21%, the lowest rate since 2006. With fewer blank and spoiled ballots, the total of valid votes rose by about 4.8 million. In such a polarized race, this was a decisive factor.
- **Mobilization on the streets and online**, which only took off after the first round (see box “On the streets and online”).

- **Government deliverables in the final stretch:**
  - **End of the 6x1 schedule.** Constitutional Amendment 141/2026, enacted by Congress on October 16 with the backing of Senate President Davi Alcolumbre (União Brasil), ends the six-days-on, one-day-off work schedule as the general rule. The maximum working week falls from 44 to 42 hours in December 2026 and to 40 hours in December 2027, with two days of rest per week and no pay cut.
  - **Debt forgiveness and a new MEI ceiling.** The Individual Microentrepreneur (MEI) is a simplified regime for formalizing self-employed workers and small businesses: a low fixed monthly tax gives access to a company tax ID (CNPJ) and to social security. A law signed on October 21 forgives the category's federal tax debts, expected to benefit about 3.6 million microentrepreneurs. The same law raises the annual revenue ceiling from BRL 81,000 to BRL 110,000 in 2027 and to BRL 140,000 in 2028, and allows up to two employees.
  - **15.04% increase in Bolsa Família**, the main federal cash-transfer program for low-income families, paid from October 19.

Implementing and funding this package will be the first tests of the new term.



Share of valid votes · in grey, other candidates in the 1st round

Source: TSE

A challenge without echo. Flávio Bolsonaro said it was “impossible to recognize” the result and announced a request to annul it. It found no support. The president of the Superior Electoral Court (TSE), Kassio Nunes Marques, who was appointed to the Supreme Court by Jair Bolsonaro, gave no opening to formal challenges. PL president Valdemar Costa Neto did not endorse the challenge.

Leadership in question. After the defeat, Flávio Bolsonaro left the country for the United States and released a letter with coup-like overtones.

Both decisions were criticized by allies, who began to question his ability to lead the opposition and the strength of bolsonarismo in the years ahead. Behind the scenes, PL members fear the senator's actions will taint the party, which they believe must distance itself from the image of a pro-coup party. In public, PL politicians play down the episode and say Flávio left the country to protect himself from what they describe as “persecution” by the Supreme Court (STF).

IMPLICATIONS FOR COMPANIES

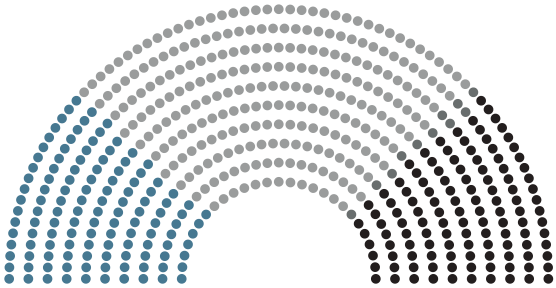
The three final-stretch measures directly affect payroll costs, small-supplier chains and consumption by low-income families. The transition rules for the new working week, including a possible complementary law for small businesses, and the review of collective agreements by December will be among the first disputes of the new cycle.

The electoral institutions, for their part, passed another stress test without rupture.

CONGRESS · 02

PL will hold the largest caucus in both Houses, and the fourth term will depend on the Centrão

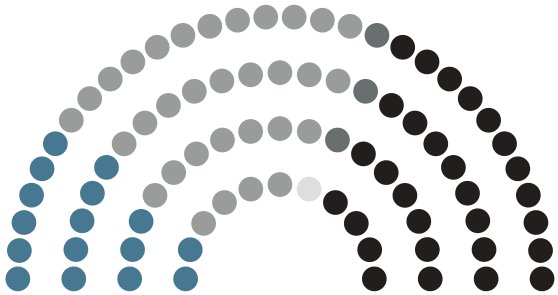
CHAMBER OF DEPUTIES · 513



121 PL deputies (23.6% of the Chamber)

PL	121	PT	70	União Brasil	46	PSD	43
PP	41	Republican...	41	MDB	36	Podemos	27
PSB	15	PSOL	14	PCdoB	11	PSDB	11
Novo	10	PV	7	PDT	6	Avante	5
PRD	5	Solidariedade	2	Missão	1	Rede	1

FEDERAL SENATE · 81



29 PL senators, the largest caucus at the start of a legislature since 1988

PL	29	PT	10	MDB	8	PP	6
União Brasil	5	Republicanos	5	PSD	4	PSB	4
Novo	3	PSDB	2	Podemos	2	Rede	1
PDT	1	Independent	1				

Left and center-left · Center and Centrão · Right · PL · Independent

Source: TSE, via Exame/Inteligov (Chamber, 10/05/2026); Agência Senado, projection for Feb/2027 (10/25/2026)

The Liberal Party elected the largest caucus in the Chamber of Deputies, with 121 of 513 seats. In the Senate, it won 19 of the 54 seats up for election. It is expected to begin the legislature, in February 2027, with 29 of the 81 senators: the largest caucus of a single party at the start of a legislature since the 1988 Constitution and almost three times the size of PT's. The PT-led federation (PT, PCdoB and PV) has 88 deputies. Federations are alliances in which parties act as a single party for at least four years.

Governability will remain a challenge. For years, the Executive's traditional tools for negotiating with Congress have been losing effectiveness: handing ministries to allied parties and parliamentary amendments, Budget funds whose destination is decided by deputies and senators. The president's relationship with the leadership of the Chamber and the Senate is what defines the government's support base.

The fourth term will depend on a coalition with the **Centrão**, including scattered factions of these parties, and on the presidents of both Houses, who will be elected in February 2027. The Centrão is a bloc of center and center-right parties, with no rigid ideological identity, that has historically traded support for governments of different orientations in exchange for room in the administration and the Budget.

> “For companies, sectors and organizations that depend on public decisions, the message is clear: the Legislature sets the agenda. In practice, any structural agenda will depend on the Legislature's availability and support. The success of those who champion it will be measured by their ability to build a majority there, not only by their access to the Palace.”
>
> — Andressa Nervino, managing partner at Concordia Public Affairs Strategies

IMPLICATIONS FOR COMPANIES

A regulatory agenda that used to be settled in the ministries now requires mapping caucuses, parliamentary fronts and committees. The decisive interlocutor is no longer just the government; it is also Congress.

ON THE STREETS AND ONLINE

How digital mobilization and the streets turned the election

The first round, on October 4, created a difficult scenario for Lula's campaign. Flávio Bolsonaro came out ahead, with a lead that pointed to the opposition as the favorite. The very next day, the campaign began to regroup with three decisive moves:

01 **Unfiltered communication.** Lula met with young leaders and began recording selfie-style videos to speak directly to voters.

02 **Taking to the streets.** A rally called by students at the Fluminense Federal University (UFF), in Niterói (RJ), went viral and sparked three consecutive weeks of demonstrations in several cities.

03 **Activism at scale.** Federal deputy André Janones created the WhatsApp channel "Exército do Lula" (Lula's Army), which surpassed 10 million subscribers. Besides distributing guidance, such as not interacting with opposing content so as not to boost it in the algorithms, the channel bet on an idea championed by Janones and by Lula himself: every voter had the power and the responsibility to build the comeback. Anonymous voters became content producers.

10 M+ subscribers to the 'Exército do Lula' channel

This widespread engagement turned initial discouragement into public pressure, especially on artists and content creators, who were pushed to abandon neutrality. Names with broad popular and digital reach joined, such as singer Anitta, as did figures from culture and television drama, such as actor Wagner Moura. There was international repercussion, with Mark Ruffalo and Madonna.

Pressed by the streets and by the opposing narrative's dominance on the platforms, Flávio Bolsonaro's campaign moderated its tone, backed away from controversial statements and proposals, and began asking celebrities more insistently for videos of support. The volume and spontaneity of the mobilization around Lula, however, kept the public agenda favorable to the president in the decisive weeks.

> "The left not only adopted the language of the digital environment but managed to break out of bubbles by engaging a widespread network that pressured figures from culture, entertainment and major content creators to abandon neutrality. The convergence of direct messaging and public pressure on influencers decentralized the narrative and neutralized the algorithmic advantage the opposition had held until then."
>
> — Amábile Rozzi, head of the Social Media, Digital Content & Influence practices at AND, ALL

What comes next. The test runs on two tracks. On one hand, whether the government will be able to deliver practical answers to the demands of the base that mobilized millions of votes. On the other, whether this population, with its choice settled, will keep up its watchdog stance and active presence in everyday public and digital debates.

TAKEAWAY FOR COMPANIES

The campaign showed that public pressure to take a stance can migrate from celebrities to brands. For companies, neutrality remains the safest path, provided it is a deliberate decision prepared in advance, and not an improvised omission.

With a locked-in Budget, every government measure will have to be negotiated

Pressure on public finances, intensified by campaign announcements, makes improving the economic and productive environment the "unequivocally top-priority" challenge of the new term, says Andressa Nervino.

The 2027 Budget bill projects that **91.7% of primary expenditure**, that is, government spending excluding interest on the debt, will be mandatory by law, such as pensions, civil-servant salaries and transfers to states and municipalities. The same bill forecasts a primary surplus of only **BRL 18.6 billion**, after deducting the expenses the law allows to be excluded from the fiscal-target calculation. Little room is left for public investment, and every new measure will depend on negotiation with a Congress with a conservative majority.

LATIN AMERICA

The right dominates the region, but trade pragmatism prevailed in the reaction to Lula



Left-wing governments: Brazil (Lula), Mexico (Claudia Sheinbaum), Uruguay (Yamandú Orsi)

Right and center-right governments:

Argentina (Javier Milei)
Chile (José Antonio Kast)
Peru (Keiko Fujimori)
Ecuador (Daniel Noboa)
Bolivia (Rodrigo Paz)
Paraguay (Santiago Peña)
Colombia (Abelardo de la Espriella)

Classification limited to elected governments in South America and Mexico.

The consolidation of right-wing governments across almost all of Latin America confirms that the region functions as a heterogeneous mosaic. The neighbors' reaction to Lula's victory, however, indicates that the regional economic agenda will continue to be driven by trade pragmatism rather than ideological alignment. The conservative heads of state of Chile, Peru, Colombia, Ecuador, Bolivia and Paraguay congratulated Lula and stressed that integration, security and trade come before political differences.

The exception was Argentina. Javier Milei's government said only that it had "taken note" of the result, issued no statement and said trade and diplomatic relations remain normal. For companies and investors, the signal is that trade and investment flows in the region will be preserved.

Outside Latin America, the European Union and more than 30 countries recognized the result within the first 48 hours. China's foreign ministry acknowledged the victory. Canadian Prime Minister Mark Carney congratulated Lula and called for expanding trade and environmental cooperation. In the United States, President Donald Trump claimed, without evidence, that the election "seemed rigged," but said he likes Lula and gets along with him. As of this edition's closing, the US government had not officially recognized the result. With US tariffs on Brazilian products, the dispute over critical minerals and the regulation of digital platforms on the agenda, the Brazil–US relationship remains the main external risk factor for companies operating in both countries.

Government guidelines maintained, the contest decided in Congress

Analysis by Concordia Public Affairs Strategies

Finance and the economic environment: with no spending cuts in sight, the adjustment will come from revenue

- **Economic team.** Names under consideration include Vice President Geraldo Alckmin (PSB), Piauí governor Rafael Fonteles (PT), and keeping the current Finance Minister, Dario Durigan.
- **Spending.** Neither during the campaign nor in his victory speech did the president signal a commitment to curbing expenditure, the weak point of his entire administration. The trend is for an overheated economy, which should slow the current downward path of interest rates.
- **Revenue.** Without deep spending cuts, fiscal rebalancing should come from higher tax collection. Back on the table are the taxation of credit notes (LCI and LCA, securities currently exempt from income tax that finance the real-estate and agricultural sectors) and the IOF, the tax on financial transactions. The format would differ from the one proposed in 2025, precisely to reduce resistance in Congress. That resistance is likely to grow with a more opposition-minded Legislature averse to tax increases.
- **Central Bank.** From March 2027, Lula will appoint four directors of the Central Bank, which has legal autonomy to pursue the inflation target. The names go through the Senate, and it will be up to senators to block nominations the market sees as heterodox. Knowing this, Lula is expected to keep appointing academics and career civil servants.
- **Credit.** Expanding access to credit, the flagship of social policy, runs up against household over-indebtedness. Nor has it improved the public's perception of the economy or of the government.

Health: continuity in management, pressure for specialized care and cost containment

- **Continuity.** Minister Alexandre Padilha is expected to remain in office. The programs rebuilt in the third term form the legacy on which the fourth term will operate: Mais Médicos (sending doctors to regions lacking professionals), the National Immunization Program, Farmácia Popular (free or subsidized medicines) and the Health Economic-Industrial Complex strategy, which encourages domestic production of medicines, vaccines and equipment.
- **Specialized care.** Public demand is concentrated on specialist consultations and surgeries. The Ministry is likely to prioritize mobile units, telemedicine, partnerships with the private sector and broader access to health technologies.
- **Cost containment.** Because current demands are more expensive, regulatory and spending-review measures are expected to advance in the Unified Health System (SUS), the public and universal system. The main ones are: revising the drug-price adjustment rules set by CMED, the body that regulates those prices; revising guidelines for court-ordered purchases; and new negotiation mechanisms for incorporating technologies into the SUS.

Infrastructure and energy: oil and the energy transition side by side

- **Petrobras.** The state-owned company remains the protagonist of energy policy, with exploration of the Equatorial Margin, a new deep-water oil frontier off the country's northern coast. The government keeps the energy-transition discourse and the expansion of oil and gas production side by side.
- **Biofuels.** They remain at the center of energy and industrial transition policies and of Brazil's international profile on the decarbonization agenda. The focus is on improving RenovaBio, a decarbonization-target program for fuel distributors, and strengthening Petrobras Biocombustível (PBio). The presence of Alckmin, an ally of the sector, reinforces this support.
- **Power sector.** The main challenge is renewable generation cuts (*curtailment*), which occur when the grid cannot carry the solar and wind power produced. The government indicates it will expand transmission, review incentives for distributed micro- and mini-generation (MMGD, such as rooftop solar panels) and stimulate demand with policies for data centers, low-carbon hydrogen and battery storage. Ongoing regulatory processes, such as the legal frameworks for data centers and offshore wind, are likely to move forward without significant change in direction.
- **Ministry of Mines and Energy.** There is a push to keep Minister Alexandre Silveira, but it is uncertain. Silveira is one of Lula's personal picks, and the need to broaden the coalition may lead the government to negotiate the ministry with the Centrão, opening room for changes in strategic second-tier posts.
- **International landscape.** US–China tension is putting pressure on the infrastructure supply chain. The dispute over critical minerals adds to US tariffs and political noise in the Brazil–US relationship.

Technology: platform regulation returns to the agenda but has little support in Congress

- **Agenda.** In his victory speech, Lula called for regulating digital platforms. He also advocated creating a Brazilian artificial intelligence, so as not to depend on “Chinese or American” AI.
- **Resistance.** The complexity of the interests involved, both political-electoral and economic, has stalled the agenda. In Andressa Nervino's assessment, “both in the current composition of Congress and in the next term, the government's view has very limited support, especially regarding the AI bill and the Fake News bill.” These are costly issues for political coordination and, given the fiscal urgency, there is unlikely to be political capital to tackle them.
- **What is likely to advance.** The bill on competition in digital markets (PL 4,675/2025), which expands the powers of Cade, the antitrust authority, over large platforms, is the most likely to move forward.

RECOMMENDATIONS · 05

Five points of attention for companies in 2027

01 **Election of the Chamber and Senate leadership boards (February).**

Determines who controls the legislative agenda and the pace of issues such as working hours, taxation and platforms.

02 **Regulation of the end of the 6x1 schedule.**

Transition rules, a possible complementary law for small businesses and review of collective agreements, with milestones in December 2026 and December 2027.

03 **Economic team and Central Bank appointments (from March).**

They will be the first concrete signal of the term's fiscal direction and of interest-rate behavior.

04 **Brazil–US relations.**

Tariffs, critical minerals and platform regulation concentrate the bilateral risk for companies operating in both countries.

05 **Active neutrality.**

In a polarized environment, it is advisable to define positioning criteria, narrative monitoring and response protocols in advance, and to maintain dialogue with the entire political spectrum.

Team

This briefing was produced by AND, ALL and AVEQ, with contributions from:



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Amábile Rozzi leads the social media, digital content and influence practices at AND, ALL, where she works at the intersection of content, digital culture and results. Her focus is ensuring that communication initiatives drive growth and value creation for brands. She specializes in turning narratives into value, structuring consistent creative paths and connecting trends, audience behavior and business objectives.

With an established track record, she has contributed to brands such as Meta (Instagram, Facebook and WhatsApp) and GMW. She combines editorial vision with strategic thinking, a repertoire developed at leading Brazilian media titles such as Capricho, Veja, Elle and Glamour.



Andressa Nervino

MANAGING PARTNER · CONCORDIA PUBLIC AFFAIRS STRATEGIES

Andressa Nervino is a managing partner at Concordia Public Affairs Strategies, where since 2019 she has provided strategic and tactical advice to clients. Previously, she worked in the parliamentary affairs office of the Ministries of Planning and of Justice and Public Security, monitoring and representing both ministries before the Presidency, other ministries and Congress. She holds a degree in Political Science from the University of Brasília (UnB) and an MBA in Institutional Relations.



Leandro Bornacki

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Leandro Bornacki has more than 20 years of experience in corporate communications, in sectors such as energy, technology, food and beverages, and tobacco. At AVEQ, he is responsible for corporate communications and risk management strategies, working in strategic counsel, media relations, government affairs, digital influencers, ESG, crisis management and media training.

For five years, he was Senior Director at a global leader in content-marketing solutions, with more than 2,000 clients in over five countries, where he led teams in Brazil, Canada and the United States and oversaw two successful international mergers and acquisitions. He holds a degree in Advertising and Public Relations, with a specialization in Marketing, and has studied People and Leadership.



Paulo Andreoli

FOUNDER AND CEO · AND, ALL AND AVEQ

Paulo Andreoli was named by PRWeek, for two consecutive years, one of the most influential professionals in the global PR industry. A journalist, executive and entrepreneur, he was a Business & Economy reporter at O Estado de S. Paulo from 1972 to 1982 and received the Esso Journalism Award in 1979 for exposing Brazilian uranium exports to Iraq. In 1993, on leaving his post as Corporate Affairs Director at Grupo Estado, he founded Paulo Andreoli & Associados, a pioneering Corporate Affairs agency in Brazil. He was Chairman of MSL Latam (Publicis Groupe) and a member of its global board.

A Sociology graduate of the Escola de Sociologia e Política, he specialized in Nuclear Physics and in International Law (focusing on Nuclear Law) at the University of São Paulo (USP), and in International Trade at the Konrad Adenauer Foundation in Bonn. He served on the board of the Fernand Braudel Institute of World Economics and was country chairman of the International Public Relations Association in Brazil.

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