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Brazil following Lula's re-election

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Abstract:

The re-election of Luiz Inácio Lula da Silva as president heralds a new phase for Brazil, characterised by political polarisation, the need for parliamentary agreements and fiscal constraints. On the international stage, the country seeks to preserve its strategic autonomy through a deep economic relationship with China and selective cooperation with the United States. The Trump Administration's hemispheric policy combines aspirations for regional primacy with a determination to combat transnational threats before they reach US territory. This approach may create tensions with Brazil, but it may also open up opportunities for collaboration in tackling drug trafficking and illicit economies in the Amazon. This analysis argues that such convergence will be viable if it addresses shared interests, respects Brazilian sovereignty and does not demand general political alignment.

Keywords:

Brazil; strategic autonomy; US hemispheric policy; transnational organised crime.

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Introduction

Luiz Inácio Lula da Silva's victory in the second round on 25 October preserves the autonomous orientation of Brazilian foreign policy, but does not provide him with a comfortable mandate to govern.

The narrow margin of victory, the controversy surrounding the exceptional extension of polling hours and a Congress with a conservative majority pose three distinct challenges: perceived legitimacy, capacity for domestic negotiation and fiscal leeway. Abroad, Brazil will need to continue balancing its economic relationship with China with opportunities for selective cooperation with the United States.

Election result and institutional confidence

Lula secured 64,256,232 valid votes, 51.79 per cent, compared with Flávio Bolsonaro's 59,826,041 votes, 48.21 per cent[1] . The margin was 4,430,191 votes. Bolsonaro had surprisingly led in the first round. His party eventually acknowledged the result of the second round, although it maintained objections to the procedure, and the candidate left the door open to a narrative of mistrust. The victory is legally clear; political acceptance by a polarised electorate is a different matter.

The focus of the controversy is the decision by Justice Cristiano Zanin of the Federal Supreme Court to allow voting to continue until 19:00 at polling stations that were still open at 17:00, after both campaigns had reported transport problems. The Superior Electoral Court recorded 34,393 votes cast after 5.00 pm, including 1,981 between 6.00 pm and 7.00 pm and 13 after that time. These votes are a far cry from the margin of 4.43 million votes and do not, on their own, support the hypothesis that the result could have been altered[2] .

[1] Brazil's Superior Electoral Court, result of the second round, 26 October 2026. https://www.tse.jus.br/comunicacao/noticias/2026/Outubro/presidente-do-tse-anuncia-reeleicao-de-lula-e-faz-balanco-do-2o-turno-das-eleicoes-2026

[2] Brazilian Superior Electoral Court, votes cast after 17:00. https://www.tse.jus.br/comunicacao/noticias/2026/Outubro/eleicoes-2026-mais-de-34-mil-votos-foram-registrados-apos-as-17h-no-2o-turno

The judicial intervention, whilst having no decisive effect on the victory, provided an argument to those who questioned the rules of the process.

The United States and hemispheric policy in the wake of Lula's re-election

Lula's re-election necessitates distinguishing between two dimensions of US policy towards Brazil. The first is the Trump Administration's preference for politically aligned governments; the second is the need to engage with a regional power whose interests and economic ties extend beyond ideological affinity. The victory curtails Washington's aspiration to establish a series of conservative governments across South America. However, the result does not in itself imply the failure of US hemispheric strategy. It does, however, prevent a succession of electoral victories for the right from being equated with an irreversible regional alignment.

The Trump Corollary and the Hemispheric Priority

The US National Security Strategy of November 2025 expressly formulates a 'Trump corollary' to the Monroe Doctrine. Its stated aim is to re-establish US primacy in the hemisphere and limit the presence of extra-regional competitors in strategic assets. It articulates this priority through migration control, the fight against criminal organisations and the security of transit routes. The document combines the recruitment of regional partners with trade and security instruments, and recognises the possibility of cooperating with governments of different political orientations[3] .

The analytical implication is significant: Washington aims for geographical proximity to translate into decisions favourable to its security and economy, but governments in the region do not necessarily accept this equivalence. For Brazil, a country that is very protective of its sovereignty and prides itself on having 'friends but no allies', preventing a foreign power from controlling a military installation and limiting its commercial involvement are decisions of a different nature.

Brazil puts this ambition to the test because its relationship with Washington cannot be equated with that of a partner dependent on a single source of funding or market access. Its market, its resources and its diplomatic capacity allow it to negotiate on a sector-by-

[3] White House, National Security Strategy, November 2025, pp. 15–18. https://www.whitehouse.gov/wp-content/uploads/2025/12/2025-National-Security-Strategy.pdf

sector basis, although this does not make it immune to pressure. From this perspective, Lula's victory ensures the continued presence of a negotiating partner who asserts its own decision-making autonomy and is unlikely to agree to roll back economic cooperation with China as a blanket test of loyalty to the United States.

Ideological affinity and electoral recognition

The US reaction to the result introduces a further complication. Trump questioned the credibility of the election whilst other leaders, including some conservative Latin American presidents, congratulated Lula. This contrast undermines the notion of a bloc defined exclusively by ideology. Recognising a victory for the left may stem from respect for the electoral process or from an interest in maintaining a functional relationship with Brazil, without implying a break with Washington. A region's stance must be assessed on the basis of concrete decisions, not merely party labels.

Questioning the result may also make bilateral negotiations more difficult. If the Brazilian government perceives that its legitimacy is being used as a means of exerting pressure, any trade concession runs the risk of being portrayed domestically as a surrender of sovereignty. In turn, US support for Bolsonaro's objections could prolong the political dispute even after the formal acknowledgement of defeat. This is a risk, not a proven outcome. It would be wrong to attribute control over the Brazilian opposition's strategy to Washington, or to anticipate how long the controversy – which, for the time being, appears to have subsided considerably – will last.

Trade pressure and security cooperation

The disagreement has a verifiable economic dimension. On 15 July 2026, the Office of the US Trade Representative announced a 25 per cent tariff on certain Brazilian goods under Section 301 of the Trade Act of 1974. Washington justified this on the basis of alleged practices relating, amongst other areas, to digital trade, electronic payments, access to the ethanol market and intellectual property. Nor did the announcement amount to a uniform levy on all Brazilian exports[4] .

[4] USTR, "Section 301 Action on Brazil's Unreasonable Acts, Policies, and Practices", 15 July 2026. https://ustr.gov/about/policy-offices/press-office/press-releases/2026/july/ustr-section-301-action-brazils-unreasonable-acts-policies-and-practices

Brazil's response illustrates how pressure and negotiation can coexist. In a joint statement published on 31 August, the Ministries of Foreign Affairs and of Development, Industry, Trade and Services rejected the US justifications and the compatibility of the measures with multilateral rules, but confirmed the continuation of ministerial and technical dialogue. Consequently, the public confrontation has not closed off channels for negotiation. The statement does not confirm that a trade agreement is already in place, but it does document ongoing negotiations with positions that still diverge[5] .

Nor can the military relationship be described as having broken down. US Southern Command reported on the bilateral naval exercises held on 12 and 13 May 2026 in the Atlantic, involving anti-submarine, communications and air defence training. Brazil also took part in the air component of the multinational PANAMAX exercise in August[6] . These activities demonstrate that there are professional sector-specific relations and operational interests that can survive presidential or ideological differences. Interoperability facilitates cooperation, but does not prove Brazilian adherence to all of the United States' hemispheric priorities, nor does it constitute a guarantee of political support[7] .

China and the limits of an imposed reorientation

The relationship with China sets one of the main limits to US pressure. Beijing has been Brazil's leading trading partner since 2009 and, in 2025, received Brazilian exports worth 100,000 million dollars, compared with 38,000 million destined for the United States. Soya, iron ore and oil embody this relationship through business interests that cut across the divide between left and right. For this reason, a victory for Flávio Bolsonaro would not have severed ties with China either. Ideological orientation influences diplomacy, but it does not replace markets or investments[8] .

This does not make Brazil a subordinate ally of Beijing. Cooperation with the United States on critical minerals may well be compatible with Brazil's demand for greater local

[5] Brazil's Ministry of Foreign Affairs (MRE) and Ministry of Development, Industry and Trade (MDIC), "Resumption of Brazil–US trade dialogue", 31 August 2026, updated on 26 October. https://www.gov.br/mdic/pt-br/assuntos/noticias/2026/agosto/retomada-do-dialogo-comercial-brasil-eua-2013-nota-conjunta-mre-mdic/

[6] United States Southern Command, "PANAMAX 2026 brings multinational partners together to strengthen regional readiness", 6 August 2026. https://www.southcom.mil/MEDIA/NEWS-ARTICLES/Article/4566853/panamax-2026-brings-multinational-partners-together-to-strengthen-regional-read/

[7] United States Southern Command, "Brazilian and U.S. Navies Conduct Bilateral Maritime Engagement in the Atlantic Ocean", 15 May 2026. https://www.southcom.mil/MEDIA/NEWS-ARTICLES/Article/4496073/brazilian-and-us-navies-conduct-bilateral-maritime-engagement-in-atlantic-ocean/

[8] https://datosmacro.expansion.com/paises/comparar/brasil/china?sc=XE89

processing. The national policy on critical and strategic minerals, enacted in September 2026, enshrines sovereignty and value addition within the national territory as guiding principles and provides for support for mineral processing. This framework offers a basis for evaluating investment proposals on the basis of their industrial contribution, rather than the nationality of the investor. It does not, however, eliminate potential disagreements over ownership, technology or the destination of production[9] .

If Washington were to put forward an offer focused solely on excluding Chinese companies, it would clearly be insufficient unless it provided alternative funding, technology or market access. For Brazil, diversifying its partners requires ensuring that foreign competition does not merely involve the distribution of mining concessions without developing its own capabilities. This tension is negotiable if the investments create verifiable benefits for both parties. It becomes more difficult if the United States demands exclusivity or if Brazil regards any security conditions as interference.

A conditional but negotiable relationship

The most likely outcome of this set of incentives for both sides is a compartmentalised relationship, although its stability will depend on decisions that remain to be made. Lula may maintain positions aligned with China within the BRICS and negotiate with Washington on trade, minerals or military cooperation. In turn, the United States may preserve institutional and business ties with Brazil despite ideological differences. The dispute would be more intense if electoral recognition or relations with third parties were to become preconditions for any cooperation. It does not appear that this will be the playing field. Negotiations limited to specific issues will help to reduce that risk.

The scope of US hemispheric policy must therefore be measured by its ability to secure lasting cooperation without undermining its partners' incentives to participate. Lula's re-election does not resolve this challenge, but it does bring it into sharp focus. Brazil will continue to have reasons to avoid a prolonged deterioration in relations with Washington and, at the same time, strong economic and political reasons not to relinquish its autonomy. The decisive indicator will be whether both governments manage to reach

[9] Government of Brazil, "Government enacts National Policy on Critical and Strategic Minerals", 16 September 2026, updated on 27 October. https://www.gov.br/agricultura/pt-br/assuntos/noticias/2026/governo-sanciona-politica-nacional-de-minerais-criticos-e-estrategicos

agreements that survive the disagreement over China and their respective domestic disputes.

Hemispheric security as an area for cooperation with Brazil

The Trump Administration's hemispheric policy can also be interpreted as a form of proactive defence of US national security. Under this logic, Washington seeks to take action against the networks that generate threats before their effects reach US territory. Drug trafficking, human trafficking, arms trafficking and the financial networks of organised crime link internal security with activities taking place beyond its borders. This outward reach does not necessarily imply military intervention: it can take the form of police cooperation, intelligence-sharing and coordinated actions against the logistical and economic structures of criminal organisations. Thus, in various ways, this is being reflected in the agreements signed with different countries in the region, including Colombia, Ecuador, Peru and Argentina, amongst others. US strategy expressly provides for collaboration with governments of different political persuasions where shared interests exist.

From this perspective, the hemispheric priority could open up a space for regional cooperation that transcends ideological affinities between governments. Criminal organisations exploit differences between jurisdictions, relocate their operations when pressure mounts, and combine illicit activities to diversify their income streams. Combating them requires capabilities that no single country can effectively deploy on its own. The United States could contribute surveillance resources, financial intelligence and technological support, whilst regional partners would provide territorial knowledge, investigative capacity and judicial enforcement. The value of this cooperation would depend on it also addressing the security needs of the participating countries, and not exclusively US priorities. And this will be a matter not only of facts but also of perceptions.

Brazil has specific reasons to take an interest in this possibility. In the Amazon, drug trafficking is intertwined with illegal mining, illicit logging, land grabbing and money laundering. River and air routes cross borders and link production areas, extraction sites and international markets. For Brazil, these criminal economies undermine public security and weaken state control over the territory, whilst also threatening indigenous communities and exacerbating environmental degradation. The Amazon

Security and Sovereignty Plan[10] and the Manaus Centre for International Police Cooperation[11] demonstrate that operational integration and cross-border cooperation are already part of Brazil's response.

It would therefore be reasonable to envisage selective cooperation between Brazil and the United States in areas such as the identification of illicit financial flows, the traceability of gold, the monitoring of routes and the exchange of information on organisations operating across several countries. Such collaboration could strengthen existing regional mechanisms, without requiring Brazil to align itself generally with Washington. Brazil's cooperation with Peru in the fight against drug trafficking along the Amazonian border offers a precedent for joint action based on shared problems and national competences. A possible rapprochement with the United States should be understood as a scenario compatible with this practice, not as a decision already taken by Brazil.

The main limitation would lie in the methods and political conditions of the collaboration. The Trump Administration has placed the use of military capabilities at the heart of its response to the cartels, whilst Brazil might prefer approaches led by police and judicial authorities, with express consent and national control over operations. Convergence in the face of a threat does not, therefore, guarantee agreement on how to combat it. However, if Washington accepts a negotiated form of cooperation that respects the sovereignty of its partners, hemispheric security could become an area of common ground with Brazil. Brazilian autonomy would be compatible with collaboration on specific objectives, even whilst disagreements persist over China, trade or the international order.

Governance and economic constraints

As for what can be expected from Lula's new government in relation to his election pledges, the new administration will need to devote itself fully to essential matters such as social protection, budgetary discipline and support for productive sectors that are not the exclusive preserve of any one political faction. In assessing Lula's new term, the

[10] https://www.agenzianova.com/es/news/brasile-lula-firma-decreto-che-istituisce-il-nuovo-piano-di-sicurezza-per-lamazzonia/

[11] https://dialogo-americas.com/es/articles/nueve-paises-se-unen-contra-el-crimen-en-centro-policial-de-la-amazonia/

content of these proposals will be just as important as the procedure used to pass them and respect for institutional checks and balances.

The first hurdle will be parliamentary. Presidential re-election does not in itself guarantee a legislative majority, and the opposition has secured a majority of deputies and senators. Lula will need to court centrist parties or forge issue-based agreements with the various groups[12] . The Centrão[13] , understood as a heterogeneous coalition of forces with considerable negotiating power, should not be confused with a uniform ideological opposition. Its support could vary depending on the distribution of government responsibilities, regional priorities and the content of each bill. Hence, a majority sufficient to pass the budget does not guarantee a majority to change taxes or undertake institutional reforms.

Congress's power is also exercised through parliamentary amendments, which allow resources to be channelled towards specific initiatives and regions. Negotiation is therefore not limited to approving or rejecting the presidential agenda: it affects who decides how funds are allocated.

The second constraint is budgetary. The official proposal for 2027 sets spending obligations at 91.7 per cent of primary expenditure, compared with the 92.4 per cent estimated for 2026. This is a draft, not a definitively approved budget[14] . The figure reveals, however, the limited scope for reallocating non-financial expenditure. Expenditure on pensions, public-sector wages and other statutory obligations constrains the adjustment, whilst minimum spending requirements for health and education and parliamentary commitments further reduce the effective margin.

Lula's challenge will be to secure a majority that allows him to govern with a sufficiently stable agreement on which expenditure to protect, which to review, and how to finance new commitments.

The third constraint is the country's high level of debt and its cost. In September 2026, public debt stood at 82.9 per cent of GDP, whilst public sector interest payments

[12] Federal Senate, "President Lula will need Congress to ensure governability", 27 October 2026. https://www12.senado.leg.br/tv/programas/noticias-1/2026/10/presidente-lula-precisara-do-congresso-para-ter-governabilidade

[13] https://www.laizquierdadiario.com/Que-es-el-Centrao-y-como-juega-en-la-politica-brasilena

[14] Ministry of Planning and Budget, presentation of the 2027 Draft Budget, 31 August 2026. https://www.gov.br/planejamento/pt-br/assuntos/noticias/2026/governo-federal-apresenta-projeto-de-orcamento-de-2027-com-previsao-de-superavit-primario-de-r-18-6-bilhoes

accumulated over twelve months amounted to 8.99 per cent of GDP[15] . As the primary balance excludes interest payments, a small improvement in this indicator would not be sufficient to stabilise the debt.

Furthermore, the primary surplus in September, amounting to 4,839 million reais, benefited from an extraordinary refund of 12,800 million resulting from the judicial cancellation of obligations from previous financial years. Despite this improvement, the central government recorded a cumulative primary deficit of 90,200 million between January and September[16] . Such exceptional revenue does not provide a stable basis for financing permanent programmes.

Promises regarding housing, debt relief and new transfers will therefore need to be implemented with funding and timetables that are compatible with these constraints.

Growth offers a way to ease these tensions, but its effects are not immediate. The country is in the midst of a comprehensive reform of the tax system. The reform of consumption taxes enters a new phase in 2027, whilst the full transition to the new model will continue until 2033[17] . Its impact on productivity will depend on implementation and the response from the business sector.

Consequently, economic governance will depend on a pact that combines explicit social priorities with budgetary predictability and transparency in parliamentary concessions. This domestic capacity will also shape foreign policy: a presidency with scarce resources and variable legislative support will have less scope to finance its initiatives and will need to justify the trade and investment agreements it negotiates with concrete results.

Conclusions

The election result does not turn Brazil into a permanent pole of opposition to the United States, nor does it guarantee a closer partnership with China on all issues. Lula's return to power favours a foreign policy aimed at preserving Brazilian autonomy and capitalising

[15] Central Bank of Brazil, Fiscal Statistics, note dated 29 October 2026, September data. https://www.bcb.gov.br/estatisticas/estatisticasfiscais

[16] Ministry of Finance, Central Government fiscal results for September 2026, 29 October 2026. https://www.gov.br/fazenda/pt-br/assuntos/noticias/2026/outubro/governo-central-registra-superavit-de-r-4-839-bilhoes-em-setembro-mostra-o-tesouro-nacional/

[17] Federal Revenue Service, "Understanding the Consumption Tax Reform", updated on 16 October 2026. https://www.gov.br/receitafederal/pt-br/acesso-a-informacao/acoes-e-programas/programas-e-atividades/reforma-tributaria-do-consumo/entenda

on the opportunities offered by both sets of relations. This autonomy must be reflected in concrete decisions: diversifying investments, developing industrial capabilities and negotiating agreements that allow Brazil to reap benefits without assuming commitments incompatible with national interests.

The viability of this approach will also depend on domestic conditions. Practical acceptance of the election result and the restoration of confidence in institutions will be important in reducing political uncertainty. At the same time, Lula will need to reach agreements with Congress to finance his social priorities and maintain a sustainable fiscal path. A presidency with fluctuating parliamentary support and limited budgetary resources will find it difficult to sustain foreign policy initiatives whose economic or political outcomes are not immediately apparent.

In this context, US hemispheric policy may offer opportunities for cooperation that should be assessed alongside the pressures it entails. Interpreted as a form of forward defence, it aims to address threats originating outside the United States before their effects reach US territory. This rationale may align with the interests of Latin American countries facing the same criminal networks, even if they suffer the consequences in different ways. Shared objectives do not require a shared overall vision of the international order, nor do they necessitate a close personal relationship between presidents.

Brazil offers particularly favourable conditions for exploring this convergence. Drug trafficking and illicit economies in the Amazon pose challenges in terms of territorial control, public security and the protection of communities. Their cross-border nature means that an exclusively national response is insufficient. Cooperation with the United States could provide capabilities in surveillance, financial investigation and technological support, as well as facilitate action against the networks linking drug trafficking, human trafficking, illegal mining and money laundering. This would involve selective collaboration, tailored to Brazilian needs and coordinated, where possible, with existing regional mechanisms.

The main determining factor would be agreement on the methods. Brazil may be interested in strengthening cooperation without accepting unilateral operations, the subordination of its authorities or an indiscriminate expansion of the military's role in public security. Consent, national control over operations and respect for police and judicial powers would be necessary foundations for building a lasting relationship. Hemispheric security would thus offer a framework for understanding if

Washington presents it as a negotiated response to shared threats, and would meet with greater resistance if it uses it to demand political alignments unrelated to the purpose of the cooperation.

The new mandate must therefore be assessed on its ability to turn these areas for negotiation into tangible results. Budgetary agreements, the terms of strategic investments and the effectiveness of cooperation in the fight against crime will reveal whether diplomatic autonomy genuinely expands Brazil's decision-making capacity. Maintaining deep economic ties with China and collaborating with the United States on security are not necessarily mutually exclusive options. For Brazil, the challenge will lie in making them compatible without extending the rivalry between the two powers to all areas of its domestic policy.

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