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Article

Green economic transformation and policy change in Lula's third administration

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This study analyzes the decision-making process that led to the emergence of green economic transformation agenda on Brazil's economic agenda. Based on agenda-setting theory, under the perspective of advocacy coalitions, a qualitative approach was adopted, employing thematic content analysis of semi-structured interviews conducted with economic, climate, industrial and energetic policy makers from the ministries of President Lula's third administration. The findings indicate that external events to the green agenda subsystem influenced policy makers' perspectives—particularly the global green economy scenario and the occurrence of extreme climate events—fostering the institutional change that enabled the inclusion of the green economic transformation in the economic agenda. The new global value chain of the green economy and the growing global demand for the energy transition are perceived as opportunities for green economic transformation, given Brazil's comparative advantages in the renewable energy sector. On the other hand, the global scenario is also seen as a threat, marked by so-called green protectionism, expressed through trade barriers and subsidies for new technologies.

Keywords: ecological transformation, green economic transformation, agenda setting, advocacy coalition framework, green economy.

Transformação econômica verde e mudança política no governo Lula III

Este estudo analisa o processo de tomada de decisão que levou à emergência da agenda de transformação econômica verde na agenda econômica do Brasil. Com base na Teoria da Agenda, sob a perspectiva das coalizões de defesa, adotou-se uma abordagem qualitativa, utilizando análise de conteúdo temática de entrevistas semiestruturadas realizadas com formuladores de política econômica, climática, industrial e energética dos ministérios do terceiro governo Lula. Os resultados indicam que eventos externos ao subsistema da agenda verde influenciaram a visão

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dos formuladores de política – em especial o cenário global da economia verde e a ocorrência de eventos climáticos extremos –, favorecendo a mudança institucional que possibilitou a inclusão da transformação econômica verde na agenda econômica. A nova cadeia global de valor da economia verde e a crescente demanda mundial pela transição energética são percebidas como oportunidades para a transformação econômica verde, dadas as vantagens comparativas do Brasil no setor de energias renováveis. Por outro lado, o cenário global também é visto como uma ameaça, marcada pelo chamado protecionismo verde, expresso em barreiras comerciais e subsídios às novas tecnologias.
Palavras-chave: transformação ecológica, transformação econômica verde, formação de agenda, coalizões de defesa, economia verde.

Transformación económica verde y câmbio político en el tercer gobierno de Lula

Este estudio analiza el proceso de toma de decisiones que llevó a la emergencia de la agenda de transformación económica verde en la agenda económica de Brasil. Con base en la teoría de la agenda, desde la perspectiva de las coaliciones de defensa, se adoptó un enfoque cualitativo, utilizando análisis de contenido temático de entrevistas semiestructuradas realizadas con formuladores de políticas económicas, climáticas, industrial y energética de los ministerios del tercer gobierno de Lula. Los resultados indican que eventos externos al subsistema de la agenda verde influyeron en la visión de los formuladores de políticas —en especial el escenario global de la economía verde y la ocurrencia de eventos climáticos extremos— favoreciendo el cambio institucional que posibilitó la inclusión de la transformación económica verde en la agenda económica. La nueva cadena global de valor de la economía verde y la creciente demanda mundial por la transición energética son percibidas como oportunidades para la transformación económica verde, dadas las ventajas comparativas de Brasil en el sector de energías renovables. Por otro lado, el escenario global también es visto como una amenaza, marcada por el llamado proteccionismo verde, expresado en barreras comerciales y subsidios a las nuevas tecnologías.
Palabras clave: transformación ecológica, transformación económica verde, formación de agenda, coaliciones de defensa, economía verde.

1. INTRODUCTION

Climate change poses enormous challenges to humanity. Faced with this scenario—which can greatly influence economic activities such as agriculture, industry, services, and urban life itself—the world's major economies have been reorienting themselves to reduce greenhouse gas emissions, undertaking vast efforts in the energy transition, in new industrial technologies, and reorganizing global finance to fund the transition to a low-carbon economy (Milanez et al., 2017).

It would be optimistic to think that economic and technological cooperation among the world's major economies could be useful for combating the risk of climate change, but the reality is far from it. What appears to be underway is a technological race around the mastery of new technologies (Yang et al., 2022), placing innovation policy at the center of national agendas. Added to this are the rivalry for global leadership between China and the United States (US) and the war between Ukraine and Russia, with countries from the Global North imposing sanctions against the latter, which exposed Europe's dependence on Russian natural gas (Gümüş, 2015). In the face of this new international scenario—which is driving the reorganization of global value chains (Tsafos, 2022) and new tensions—there is growing interest among the world's major economies in Brazil's natural resources.

Countries like Brazil—which holds the world's largest tropical forest reserve, rich in biodiversity and water, with great potential for producing minerals, food, and renewable energy—are strategic to international geopolitics (Castro et al., 2022), while following a winding path toward development. Along this path, the limits become even more apparent, with the growing and premature decline of industry's share of Gross Domestic Product (GDP) (Ministério da Fazenda, 2024). This reality demands strategies that coordinate the leveraging of Brazil's leading position in renewable energy production and strategic minerals for the energy transition, while overcoming the role of low-value-

added commodity exporter—making way for "neo-industrialization," as the Brazilian government has been calling the reindustrialization process based on new technological foundations and low-carbon emissions (Ministério da Fazenda, 2024).

In light of this international context, the Brazilian government launched its green economic transformation agenda with various plans and programs, most notably the Ecological Transformation Plan (Plano de Transformação Ecológica – PTE), which aims to establish a "central instrument for the country to meet its climate targets and seize the opportunities created by the necessary transition to a more sustainable economy"[1] (Ministério da Fazenda, 2024, p. 37); and the New Industry Brazil (Nova Indústria Brasil – NIB) program, developed within the National Council for Industrial Development (CNDI) as a systemic, long-term policy comprising of public instruments to support the productive sector, which defined six organizing missions for industrial policy—three of which are directly related to the green economic transformation agenda: Mission 1: Sustainable and digital agro-industrial chains for food, nutritional, and energy security; Mission 3: Sustainable infrastructure, sanitation, housing, and mobility for productive integration and urban well-being; Mission 5: Bioeconomy, decarbonization, and energy transition and security to guarantee resources for future generations (Ministério do Desenvolvimento, Indústria, Comércio e Serviços, 2024).

The agenda also includes part of the New Growth Acceleration Program (Novo PAC), which in its revised edition encompasses significant investments in renewable energy, electrification of urban bus fleets, climate adaptation, and the Climate Plan—a mitigation and adaptation plan linked to Brazil's Nationally Determined Contribution (NDC), developed by the Interministerial Committee on Climate Change (CIM). It is worth noting that, at the time of the research and interviews, the Climate Plan was in an embryonic stage and was officially launched on December 15, 2025.

More than 30 years after the United Nations Conference on Environment and Development (Eco-92), held in Rio de Janeiro, a global conference returned to Brazil in 2025, in the city of Belém, for the United Nations Climate Change Conference (COP-30), mobilizing environmental advocacy coalitions in Brazil around the green agenda. In this context, understanding how the green economic transformation agenda gained prominence in the country's economic agenda is of fundamental importance for the study of public policy.

Given the above, the object of this research is the decision-making process and the construction of the green economic transformation agenda in Lula's third administration, what opportunities and threats are being identified by policymakers, and what constitutes the new vision on the economic agenda.

2. ADVOCACY COALITIONS AND POLICY CHANGE

Paul Sabatier (1991) contributed his perspective to Agenda Theory—which goes beyond the stages view of the public policy cycle and argues that ideas, values, resources, institutions, and context are essential to the policymaking process—and served as the theoretical framework for this research. Agenda Theory based on advocacy coalitions is a framework that studies long-term change and stability in public policies (Sabatier & Jenkins-Smith, 1993), focusing on ideas; for this reason, it serves as the theoretical lens for the present analysis, considering the context and characteristics of

[1] The actual words used by the interviewee in all cases of direct citations can be found in the Portuguese version of this article.

the subsystem. In general, research using this theory sheds light on the composition of coalitions from the standpoint of ideas, values, and actors, but it can also be useful in analyzing the decision-making process and its outcomes.

According to Sabatier and Jenkins-Smith (1993), the process unfolds primarily within public policy subsystems, in which different advocacy coalitions are formed, comprised of organizations and individuals with beliefs and interests who interact sometimes in opposition, and sometimes in cooperation, on a given issue. To analyze this set of interactions, the authors developed a methodological framework called the Advocacy Coalition Framework (ACF).

For Sabatier and Weible (2006), policy learning and change are products of coalition interaction, often influenced by changes in conditions external to the subsystem that produce shocks altering coalition positions. Suely Araújo (2013) explains that relations among actors are understood within a specific social, political, economic, historical, and sectoral context, as each policy subsystem has its own characteristics and dynamics.

External factors to the subsystem are formed by two sets. The first consists of stable system factors, such as the characteristics of the problem, the distribution of resources, the sociocultural structure, and constitutional rules. These factors change little in the short term and are therefore not the focus of coalition activity. As an example, Araújo (2013) cites the influence of natural resources that set constraints in policy areas such as energy policy, due to territorial characteristics. Among sociocultural values and social structure, one can point to the economic conceptions that underpin national states and the various national constitutions that define the rules of the game, such as the division between levels of government (Araújo, 2013).

The second set consists of external events, such as macroeconomic, social, and political events, public opinion, and the formation of governing coalitions. In these, more frequent changes can occur, challenging decision-makers to take positions during crises based on their beliefs (deep core and policy core) and resulting in institutional change and learning (Fernandes & Almeida, 2019).

These changes include technological advances in industry that create new technological pathways—increasing pressure for new energy sector regulations, for example—as well as economic crises, which also generally result in numerous clashes over macroeconomic solutions. Changes in governing coalitions can be exemplified by changes in government that end up putting pressure on coalition ideas and their confrontations. Araújo (2013) argues that the ACF can be applied to cross-cutting themes such as green economic transformation, as the interrelation and intersection of subsystems does not go unnoticed in the ACF, and the impacts of other subsystems are part of the external factors.

According to the advocacy coalition perspective (ACF), public policy is the product of the interaction of advocacy coalitions, which sometimes clash and other times produce consensus, and even promote learning, changing the positions of the coalition itself over time. Sabatier and Weible (2006) identify two mechanisms: internal confrontations within a subsystem, which confirm one coalition's opposition to another dominant one; and negotiations, which can produce more significant changes, fostering negotiated agreements when coalitions that were previously in confrontation begin to cooperate due to policy learning.

Learning processes, therefore, are products of "relatively lasting changes in thought or behavioral intentions that result from experience and/or new information and that are related to the development or revision of policy objectives" (Sabatier & Jenkins-Smith, 1993, p. 123). Although the ACF model highlights the relevance of ideas, values, and beliefs, Ma and Vieira (2020) argue that ideas alone

are not sufficient to bring about institutional change. This stems from external shocks—changes in factors that impose themselves on political reality to the point of enabling a reconfiguration in the distribution of power—and depends on the mobilization of resources and strategy to achieve objectives (Ma & Vieira, 2020).

3. CLASHES AND LEARNING IN THE GREEN AGENDA SUBSYSTEM

There is extensive literature using the ACF model to analyze public policy, with notable applications in the green agenda (Capelari et al., 2015; Weible et al., 2016). Contrary to the common view that places environmentalists on one side and representatives of economic sectors on the other, the findings of Araújo (2007) in a study on congressional decision-making processes in Brazil between 1992 and 2006 using the ACF method point to the existence of clashes but also learning over time. Araújo (2007) identifies four advocacy coalitions active in the green agenda within the legislative branch: the enlightened technocrats, the socio-environmentalists, the modern developmentalists, and the traditional developmentalists.

These advocacy coalitions are composed of different groups—governmental or non-governmental, business or non-business—that organize around values (deep core) and policies (policy core) to contest the green agenda. They diverge and converge to varying degrees on topics suchas: preservation and sustainable use of natural resources; recognition of scientific and traditional knowledge; the nature of more or less market-based environmental policy instruments; centralization of policies at the federal level versus multilevel decentralization; and civil society and private sector participation in policy design (Araújo, 2007).

Despite fundamental advances in public policy for the sustainable use of natural resources and the building of state capacity for a system of command, control, and licensing of economic activities (Araújo, 2013), one could say that the green agenda policy subsystem was still segmented as environmental policy and, in the Executive branch, was confined to the Ministry of Environment. The green economic transformation agenda remained distant at that time, but, just as different coalitions existed around the green agenda in the Legislature, the same was true in the Executive Branch during the governments of President Luiz Inácio Lula da Silva and President Dilma Rousseff.

4. METHODOLOGY

The method adopted in this article was qualitative research with primary data collection through semi-structured interviews with economic and climate policymakers from Lula's third administration. Data collection was authorized by the Ethics Committee of Fundação Getulio Vargas (FGV) on June 28, 2024, and was initially used for the first author's master's dissertation in Public Policy and Government (Vitral, 2024). The material was categorized using the MAXQDA qualitative analysis software. Interviewees were selected based on a second-tier criterion, meaning that national secretaries directly involved with the topic in the federal government were interviewed, along with a director-level participant from the National Bank for Economic and Social Development (BNDES). A senior official from the Dilma administration was also selected for comparison purposes (E-GD), and some of those selected had participated in different administrations—for this reason, questions were also formulated to enable comparison with previous terms in office. In this article, interviewees were anonymized to ensure the impersonality of the research.

To select the ministries to be interviewed, the criterion used was those directly involved in the construction of the Ecological Transformation Plan (PTE)—according to the Ministry of Finance (Ministério da Fazenda, 2024) document titled *New Brazil – Ecological Transformation Plan*. First, those comprising the economic team were selected: Ministry of Finance (E-MF); Ministry of Planning and Budget (E-MPO); Ministry of Development, Industry, Trade and Services (E-MDIC); Chief of Staff Office of the Presidency of the Republic (E-CC); and, given the environmental and climate policy dimension, the Ministry of Environment and Climate Change (E-MMA). Given the breadth of the topic and the impossibility of addressing all axes due to space and time constraints, a thematic cut was made within the policy core of the PTE—focusing on the finance-energy-industry dimensions, corresponding to Axes I, II, and IV of the PTE (Ministério da Fazenda, 2024)—and therefore actors from the Ministry of Mines and Energy (E-MME) and BNDES (E-BNDES) were also selected.

The interview guide was formulated based on the literature, from which categories of Agenda Theory from the advocacy coalition perspective were extracted, resulting in open-ended questions that allow for an in-depth exploration of the opinions and intentions behind decision-making—as shown in Table 1 below.

TABLE 1 RELATIONSHIP BETWEEN ACF CATEGORIES, RESEARCH QUESTIONS, AND THEMATIC ANALYSIS

CATEGORIES	RESEARCH QUESTIONS
Advocacy coalitions	How did the environmentalist and developmentalist coalitions, in their various strands, interact across the progressive governments?
Conflicts and learning	What were the conflicts and learning outcomes resulting from coalition interaction?
Institutional change	What changed from previous governments compared to Lula's third administration to allow the Ecological Transformation Plan to achieve this agenda leap? What does the new vision consist of?
External events to the subsystem	Did extreme climate events raise awareness among policymakers for decision-making? What opportunities and threats are being identified with respect to the new global value chain of the green economy?

Source: Elaborated by the authors based on the ACF (Sabatier & Jenkins-Smith, 1993).

Regarding theoretical saturation, this was identified progressively throughout the analysis, when the interviews began to reiterate interpretive patterns and categories already previously identified, without the emergence of new analytically relevant elements for the study's objectives. In a second phase, the interview notes were read in relation to the analytical categories, from which codes and subcodes emerged for categorization into thematic areas of the research problem.

The categorization was carried out using the MAXQDA qualitative analysis software, from which a report was extracted, organized by codes and subcodes as well as interview excerpts, through which the data processing and analysis were finally conducted, revealing inference, discussion, and

interpretation. In this regard, the thematic content analysis sought to relate to the categories of Agenda Theory from the advocacy coalition perspective and the research problem. As a result, part of the research findings (Vitral, 2024) will be presented in this article.

5. RESULTS AND DISCUSSION

This section begins the presentation of the research findings: what led to the institutional change that gave rise to the plans and programs mentioned above, and what factors allowed the green economic transformation agenda to enter the governmental agenda. Table 2 below synthesizes the relationship between ACF categories, codes, subcodes, and evidence, highlighted through interview excerpts, linking evidence and inferences to illustrate the thematic analysis process.

TABLE 2 RELATIONSHIP BETWEEN ACF CATEGORIES, CODES, SUBCODES, AND INTERVIEW EXCERPTS

CATEGORIES	CODES	SUBCODES	INTERVIEWS
Advocacy coalitions	Coalitions in previous governments	Clashes	*"The environmental agenda generated great friction within the government"* (E-CC). *"Sometimes you spent more time trying not to act than trying to find a solution"* (E-GD).
		Gradual learning	*"The Forest Code produced a balanced synthesis of Brazil's vision of the environmental agenda"* (E-CC).
	Coalitions in Lula III gov.	Gradual learning	*"This is an opportunity for Brazil" (E-MF). "There will be no effectiveness [...] without alignment with governance of financial and economic systems"* (E-MMA).
External events to the subsystem	Extreme climate events	External shocks	*"The issue of climate change has imposed itself in an indisputable way"* (E-MDIC).
		Visible climate crisis	*"It's hard to deny it [...] extreme climate events growing in frequency"* (E-MF).
		Public opinion pressure	*"You follow it practically in real time"* (E-GD).
	Opportunities – Global value chain	Global reorganization	*"Brazil is well positioned in this debate [...] by luck and by policy choices"* (E-MF)
		Fight Against Poverty	*"[...] making this energy transition an opportunity to fight poverty, to generate development"* (E-MME).
	Threats – Global value chain	Trade barriers	*"The environmental issue has become a trade barrier for our products"* (E-GD).
Institutional change	Drawing a plan	Conceptual framework	*"The transition was in fact to demarcate a current place and a desired/sought-after place"*
	New vision	Incomplete consolidation	*"I think an intention exists for it to be [a hallmark of the government]. But it is not yet so"* (E-MPO).

(Continue)

CATEGORIES	CODES	SUBCODES	INTERVIEWS
Interaction between subsystems	Energy-Industry	Energy security	*"It's not just environmental merit, it's energy security and price"* (E-MME).
	Government coordination	Leadership challenge	*"The rest is as if it didn't exist, as if the government were only the PAC investment"* (E-MPO).

Source: Elaborated by the authors based on the methodological design (Sabatier & Jenkins-Smith, 1993) and semi-structured interviews.

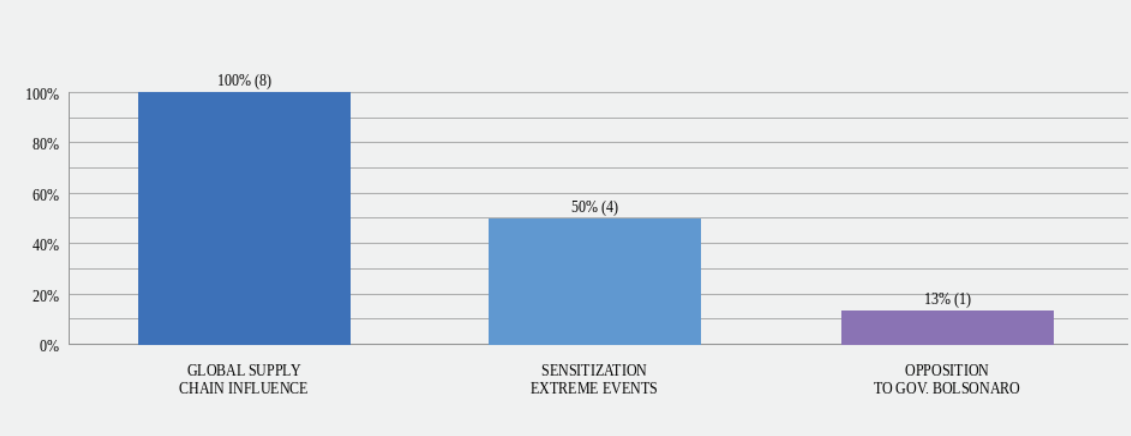
5.1 Green global economy: a reason to enter the agenda

In the interviews conducted, when asked about what changed to bring about a leap in the green economic transformation agenda, all interviewees highlighted as a relevant factor the changes in the global value chains of the green economy (E-MF; E-MPO; E-MME; E-MDIC; E-BNDES; E-GD; E-MMA; E-CC); some also pointed to the extreme climate events that are more sensitizing to policymakers today than before (E-MF; E-MMA; E-MDIC; E-GD). Considering the ACF's advocacy coalition perspective, it is notable that factors external to the green agenda subsystem influenced the rise of the green economic transformation agenda to a prominent status in Lula's third administration.

The global green economy—which, in the policymakers' view, imposes both economic challenges and opportunities—was notably cited, along with the extreme events that have occurred in Brazil. Faced with the environmental crisis, political actors have had to take a stand, mobilizing resources and governmental intervention.

Figure 1 below presents the frequency with which these arguments appeared in the interviews collected.

FIGURE 1 REASONS FOR GREEN ECONOMIC TRANSFORMATION TO ENTER THE GOVERNMENTAL AGENDA, ACCORDING TO POLICYMAKERS



Source: Elaborated by the authors using MAXQDA based on interviews conducted.

E-MMA pointed to the change in governing coalition in contrast to the Bolsonaro government as the predominant factor. When asked why developmentalists were drawing closer to the sustainability agenda, E-MMA responded: "due to the political clash." Because of Bolsonaro? "Basically" (E-MMA). E-MMA is not alone in this perception. Capelari et al. (2020) had already noted in an article that, in response to Bolsonaro's management of the presidency and Ricardo Salles at the MMA, three advocacy coalitions (enlightened technocrats, socio-environmentalists, and modern developmentalists) initiated an apparent alignment that "makes explicit a clear effort by non-dominant coalitions to (re)build new channels of articulation and negotiation" (Capelari et al., 2020, p. 1,701). E-BNDES, while not attributing the shift in opinion to this factor, emphasized that Brazil had indeed been missing out on many opportunities. "So, in terms of timing, we are behind in formulating the green framework, because the previous government wasted time; those were lost years for the country" (E-BNDES).

The advocacy coalition perspective holds that, beyond conflicts, interaction between coalitions can produce learning in which part of old convictions are abandoned to form a new synthesis (Moyson, 2017). It seems that the argument raised by E-MMA may reveal a learning process within the green agenda subsystem.

5.2 Policymakers' awareness raised by extreme climate events

For half of the policymakers interviewed (E-MF; E-MMA; E-MDIC; E-GD), the climate emergency with extreme events—such as the floods in Rio Grande do Sul, and droughts and heat waves in the northern part of the country—raised awareness among policymakers regarding the green economic transformation agenda. E-MDIC argues that the arrival of climate events puts an end to the doubt that some policymakers had about the warnings of the Intergovernmental Panel on Climate Change (IPCC). "I think the issue of climate change has imposed itself in, let's say, an indisputable or categorical way" (E-MDIC).

E-MF points out that, following the disaster in Rio Grande do Sul—flooded by heavy rains in April 2024—this topic has been gaining more prominence in Brazilian news coverage and argues that it is difficult to deny climate phenomena. "It's hard to deny it, right? All the indicators have been showing monthly temperature records that we've been feeling, extreme climate events increasingly frequent. I think this has been weighing in" (E-MF). E-GD also draws attention to the role of public opinion and social media repercussion regarding environmental disasters and their impacts on local communities. "Thirty years ago, you would take a long time to know or wouldn't know at the scale you follow today, practically in real time" (E-GD).

Environmentalists have long been warning about the effects of climate change. In the interviews collected, it is notable that, despite this, it was only in Lula's third administration that a shift in policymakers' awareness occurred as extreme events became more noticeable in Brazil, causing destruction, deaths, and the need for public intervention. This panorama generated external shocks within ACF theory, caused by exogenous factors to the green agenda subsystem, consequently constituting a leap in the governmental agenda.

5.3 Geopolitics of the green economy: opportunities for Brazil

Changes in global value chains driven by the green economy were cited by all interviewees as determining factors for the centrality of the green economic transformation agenda in Lula's third administration. This section presents the discussion among policymakers on the various arguments mobilized around the characterization of the global scenario, external opportunities, and threats.

When asked about what opportunities policymakers see in the global scenario, two factors were cited in an interconnected manner by the interviewees: the energy transition and neo-industrialization (E-MF; E-MPO; E-MME; E-MDIC; E-BNDES; E-GD; E-MMA; E-CC), which allows the conclusion that this constitutes the central core of the policymakers' thinking on the green economic transformation agenda: leveraging Brazil's competitive advantages in renewable energy as an opportunity to develop a green industry, as well as attracting industrial investments that can take advantage of clean energy to transition supply chains. In addition, two interviewees cited the bioeconomy (E-MDIC; E-BNDES) as an activity with great potential. During the interviews, policymakers also cited the opportunity for Brazil to build itself as a global leader in the green economy (E-MPO; E-CC).

E-BNDES argues that, compared to the world's major economies, Brazil is at the forefront of the energy transition, currently occupying the position that these countries aim to reach in 20 years. E-GD agrees that renewable energy production combined with an expanded consumer market could represent new opportunities for industrial development. The concern about developing national production chains rather than simply importing equipment from other countries is also present in the interview given by E-MF.

> *If we can achieve industrial and technological development linked to these energy sources, it will be a great asset for Brazil—to produce here, to supply and industrialize Brazil, and eventually even to export the surplus, whether the energy directly or the industrialized products derived from such abundance of renewable sources* [...] (E-MF).

E-MMA, in their remarks, warns that despite the great opportunity, Brazil still has a long way to go and that strategies need to be defined both for the energy transition industry and for the green industry that consumes clean energy.

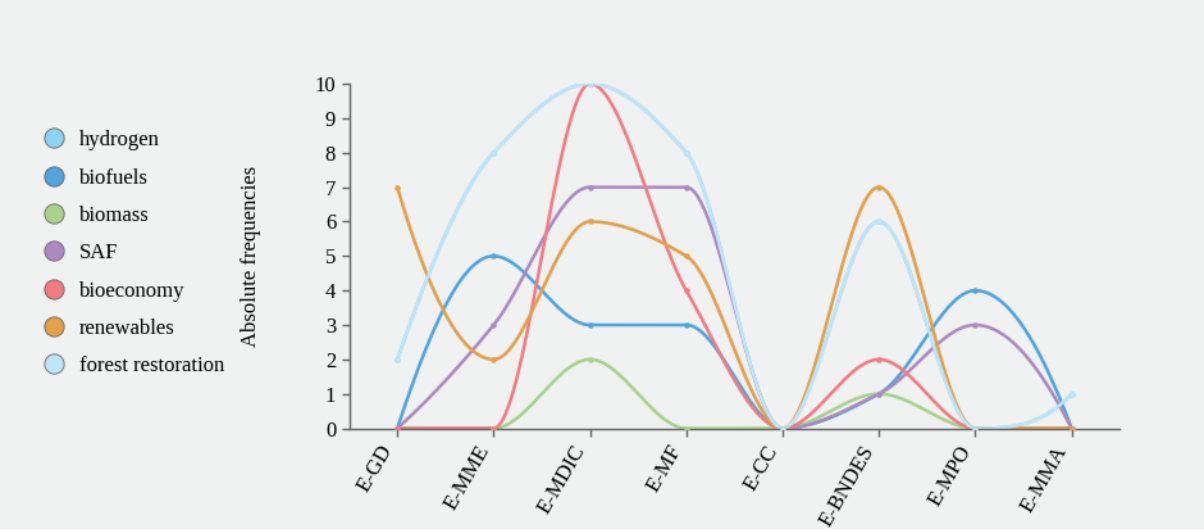
Following the discussion about the opportunities offered by the new global value chain as outlined by policymakers, two interviewees cited the bioeconomy (E-BNDES; E-MDIC) as an activity with great potential. E-BNDES and E-MDIC mentioned the potential of forest restoration and carbon credit production. According to E-MDIC, research and innovation surrounding Brazilian biodiversity could be leveraged for energy production, agriculture, and pharmaceuticals.

During the interviews, policymakers also cited the opportunity for Brazil to build itself as a global leader in the green economy (E-MPO; E-CC). E-MPO argues that the fact that President Lula has always been closely connected to geopolitical issues places this agenda at the center of how the country relates to the world. E-CC highlights the opportunity to expand Brazil's soft power on the international stage.

During the interviews, policymakers avoided committing to one particular technological pathway or another; however, recording the frequency of words used by each policymaker when referring to opportunities in the new global value chain—presented in Figure 2 below—can be useful to highlight

some of the development potential examples cited, with "hydrogen," "biofuels," "renewables," and "SAF" among the most recurring.

FIGURE 2 WORD FREQUENCY WHEN ASKED ABOUT OPPORTUNITIES IN THE GLOBAL VALUE CHAIN



Source: Elaborated by the authors (Vitral, 2024) using MAXQDA based on interviews conducted.

The words recorded by their respective frequency during the interviews are consistent with Brazil's strategic advantages "with potential to make it a protagonist in a new sustainable economy," as cited in the official document of the Ecological Transformation Plan (Ministério da Fazenda, 2024) in its section 2.3:

> (i) high production of renewable energy; (ii) significant availability of biomass for bioenergy generation; (iii) high capacity for biofuel and biogas production; (iv) large reserves of critical minerals for the energy transition; (v) forest cover and potential for bioeconomy development; and (vi) the world's greatest biodiversity (Ministério da Fazenda, 2024, p. 43).

The discussion on bets for green economic transformation sectors is relevant from the standpoint of decision-making and development strategy formulation. This topic arose in the interviews not only in terms of leveraging Brazil's competitive advantages to develop local production chains, but also in terms of what to prioritize in a scenario of high transition investment costs, given Brazil's budgetary constraints. On the other hand, the risk of "putting all eggs in one basket" from an investment standpoint was also raised (E-MME; E-MF), as the green economy is placed by the interviewees in a context of technological risk.

The discussion presented shows that the new global value chain of the green economy is approached with some enthusiasm but also with caution. As energy transition and neo-industrialization appear together, this indicates that, in policymakers' view, strategic management of resources, instruments,

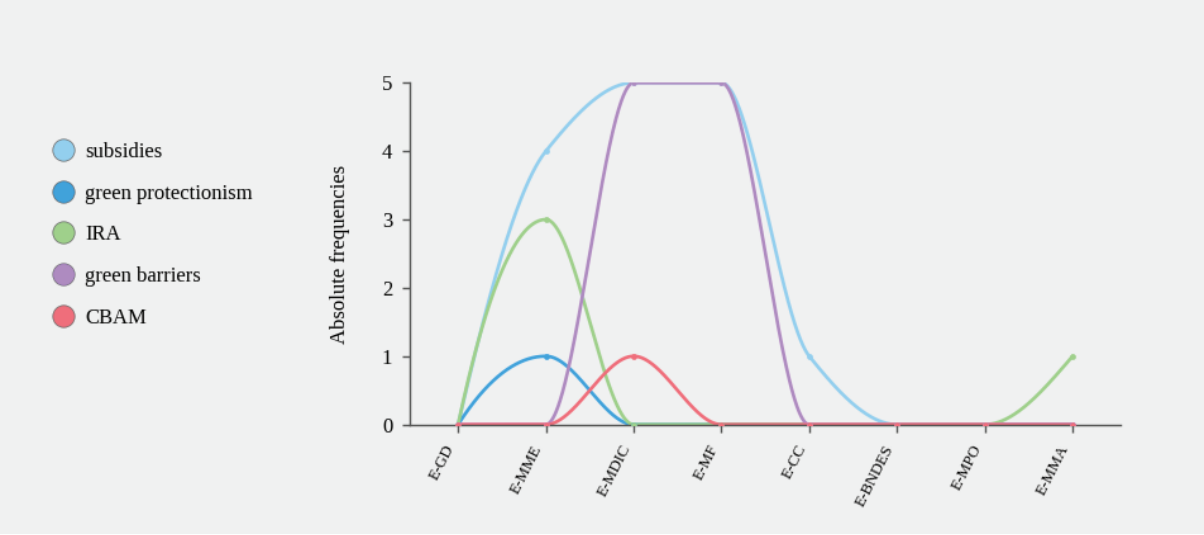
and regulation is needed for Brazil to seize the opportunity for productive transformation, reversing its position as a commodity exporter—in this new context, green commodities.

5.4 Threats of the new global green economy value chain

The discussion on how the new geopolitical dynamics surrounding the green economy have been configured emerged as a major concern among policymakers. Five of the eight interviewees (E-MF; E-MME; E-MDIC; E-GD; E-MMA) cited so-called "green protectionism" as a threat—represented by environmentally-based trade barriers used by developed countries at the expense of developing countries like Brazil.

Subsidies that distort resource allocation in the global economy were also cited in equal measure (E-BNDES; E-MF; E-MME; E-MDIC; E-MMA), including the US Inflation Reduction Act (IRA) and trade barriers based on environmental grounds, such as the Carbon Border Adjustment Mechanism (CBAM) (E-MDIC). Figure 3 below presents the frequency of words mentioned by policymakers as threats from the technological race surrounding the green economy.

FIGURE 3 WORD FREQUENCY WHEN ASKED ABOUT THREATS FROM THE NEW GLOBAL VALUE CHAIN



Source: Elaborated by the authors using MAXQDA based on interviews conducted.

According to E-MME, the international dynamic has been one of increasing protectionism and more trade disputes—and in this context, Brazil may end up being harmed. E-GD argues that this issue is related to the principle of "common but differentiated responsibilities." According to this principle, while the UNFCCC (United Nations Framework Convention on Climate Change) acknowledges the right of developing countries seeking to consolidate their nascent economies to emit, in the dynamics of international trade, they are being embargoed on environmental grounds used as a pretext for establishing trade barriers.

> *There is an aggravating factor, I think, which is why I want to separate the Northern and Southern hemispheres a bit. Because, in reality, the European countries used up all the natural resources they had—they had few, right? They have a process of industrialization, their share of emissions is much greater (historically), but they still try to use environmental issues as a trade barrier against developing countries. So, we also have to be very careful about this, because the environmental issue has become a trade barrier for our products, which can be cheaper, which can be cleaner* (E-GD).

The discussion presented shows that the geopolitics of the green economy constitutes, based on ACF theory, a relevant external factor that may have triggered the leap in the governmental agenda. This scenario can represent both an opportunity and a threat to Brazil's insertion, and green protectionism can be a barrier to the Brazilian green economic transformation strategy. Topics such as the US IRA, Chinese subsidies, and trade barriers imposed by the European Union are the highlighted threats.

5.5 The new vision of green economic transformation: clashes and learning

More than 30 years after the first international environmental conference that Brazil hosted, the country once again became the stage for a major climate event: COP-30, held in November 2025 in the city of Belém, in the state of Pará. After the long journey of the Lula and Dilma administrations—particularly Lula's third term, analyzed in previous sections, in which environmentalist and developmentalist coalitions clashed and produced learning both within and outside the government around the green agenda—we arrive at the end of the article to analyze: what does the new vision of green economic transformation consist of according to policymakers? Is this vision consolidated in the government as a policy change, or do conflicts persist?

E-CC recalls that it was in Lula's 2018 campaign program that the topic of ecological transition (as it was then called) began to appear. At the time, after being prevented from running for election, Lula was replaced by Fernando Haddad as the candidate. According to the interviewee, the 2018 election constituted a conceptual milestone of the new vision for green economic transformation. The current Minister of Finance, Fernando Haddad, and the economist and current president of the Institute for Applied Economic Research (Ipea), Marcio Pochmann—who were program coordinators for the candidacy—brought the idea of having an integrated chapter on economy and environment to President Lula for assessment while he was imprisoned.

E-CC recounts that this idea did not move forward due to negotiations with allied parties, such as the Communist Party of Brazil (PCdoB), which advocated for the concept of a National Development Project. According to the interviewee, because they were "strong words," President Lula liked them. The result was two separate chapters—one dedicated to the National Development Plan and another addressing ecological transition—but which were related around the ideas of having economic instruments for the transition to a low-carbon economy, such as a carbon market and incentives for the green agenda.

E-CC argues that the program of President Lula's 2022 campaign inherited the idea of ecological transition, but that the decision was made to "deliver little" in terms of government program during the campaign; therefore, the discussion intensified after the election. Between November 8 and December 12, 2022, the Government Transition Cabinet was organized. According to the interviewee, who participated in the organizing team and in drafting the final report, this is how a government platform

was built as "a starting point for the reconstruction and transformation of the country" (Government Transition Cabinet, 2022, p. 7). E-CC argues that the green economic transformation agenda is not a settled matter within the government and that the PTE requires a decree to standardize understanding.

For E-MPO, who coordinated the elaboration of the Multi-Year Plan (PPA 2023–2027), the green economic transformation agenda was not organized in the early months when the PPA process took place, and for this reason it is not reflected in the constitutional instrument from the standpoint of targets and monitoring. What occurred, according to the interviewee, was a convergence of policies that is present in the targets of the various ministries in the PPA, but that "each one pulls in a different direction." For this reason, they warn that there is a governance challenge and a center-of-government challenge: "What is lacking is the leadership that brings everyone together and says: 'This is part of the government'" (E-MPO).

E-GD argues that "since Lula's first administration, during the time I have been in government, this is the moment I see the most intense movement of economic change, of transformation in this period. I think it is a great opportunity." However, they agree that despite the new vision, command is lacking.

> *Because it is a topic that everyone wants to opine on and wants to develop [public policies] around. So, instead of creating stability and security, it becomes a factor of instability and insecurity, because you don't know where [the agenda] really is* (E-GD).

E-MDIC agrees: "In that sense, I still see things somewhat diluted, lacking a stronger focus. And I also think there's a lack of a long-term vision." For the interviewee, despite this, there is a paradigm shift in the government and a convergence among policies, particularly between the PTE and the NIB, and to a lesser extent with the Novo PAC.

E-MF argues that what helped place green economic transformation at the center of the government was the fact that it is a development agenda with opportunities for income growth and quality job creation, rather than merely representing a cost that society will need to bear to decarbonize the economy.

For E-MMA, the new vision recognizes that natural resources—which are inputs for the economy—have limits, and the environment, which has been configured as the "greatest externality of the economic system," is now being internalized in the government's vision. On the other hand, they argue that this vision has also been shifting in the environmentalist wing of the government, as there is an understanding that effective climate governance—from a biodiversity or climate standpoint—will not be achieved "without alignment [...] with governance of financial and economic systems."

FIGURE 4 WORD CLOUD OF INTERVIEWEES' RESPONSES ON THE VISION OF GREEN ECONOMIC TRANSFORMATION



Source: Elaborated by the authors using MAXQDA based on interviews conducted.

In the view of the policymakers interviewed, a new paradigm exists in the alignment of economic and financial instruments and the need for a transition to a low-carbon economy that represents a leap in innovation and productivity in Brazilian development—constituting a policy change in ACF terms, present to a greater degree in the PTE and NIB. However, there are still internal contradictions among the different programs, leading to the conclusion that the policy change is still in the process of consolidation. Bottlenecks to be overcome were also identified for Brazil to move beyond its position as an exporter of low-value-added products—related to investment capacity and speed, as well as the competitiveness of economic sectors. In ACF terms, these bottlenecks are stable external factors that constitute economic, infrastructure, and financial conditions characteristic of the sector; therefore, changing these conditions takes more time.

6. FINAL REMARKS AND FUTURE RESEARCH

The Ecological Transformation Plan, launched by the Ministry of Finance during COP-28 in Dubai, represents a landmark in the institutional change of public policy for the Brazilian economy, as does the presence of the green economic transformation agenda in the missions of the New Industry Brazil program. Grounded in the literature of Agenda Theory from the Advocacy Coalition Framework perspective, this article contributes to the discussion on the decision-making process and institutional change in the green economic transformation agenda in Lula's third administration.

It was possible to verify that the geopolitics of the green economy—with its new dynamics of global value chains—constitutes the main external factor to the green agenda subsystem driving the policy change in the federal government's economic agenda, which now views green economic transformation as an opportunity for Brazilian development. The global scenario that has emerged and Brazil's competitive advantages in the renewable energy sector are being seen by economic policymakers as one of the great bets for Brazilian development, with sustainable finance, energy transition, and green industry at the core of the strategy.

Identified as opportunities are both the energy transition industry—such as machinery and equipment to produce hydrogen, green steel, green fertilizers, biomethane, among others—and the industry that consumes the clean energy so necessary for decarbonization. The potential of bioeconomy activities and forest restoration is also highlighted to a lesser degree.

The imposition of green trade barriers and heavy subsidies that distort resource allocation in the global economy were identified as threats from the global value chain. Still regarding the external factors to the green agenda subsystem, the occurrence of extreme climate events—such as the Rio Grande do Sul floods, the droughts in the Amazon, and the heat waves that raised awareness among authorities—along with media coverage and public opinion repercussions, were highlighted as pressure factors for the leap in the green economic transformation agenda.

It can be concluded that, alongside the increasingly visible climate emergency, the economic opportunities of the green economy were the external factors to the green agenda subsystem capable of producing shocks that elevated the green economic transformation agenda to a new level in Lula's third administration. Consequently, programs such as the PTE and NIB, among others, became the political and economic response to two major public problems: climate change and economic development. Several gaps remain to be filled in future research on green economic transformation in Brazil, which will be addressed in forthcoming articles.

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