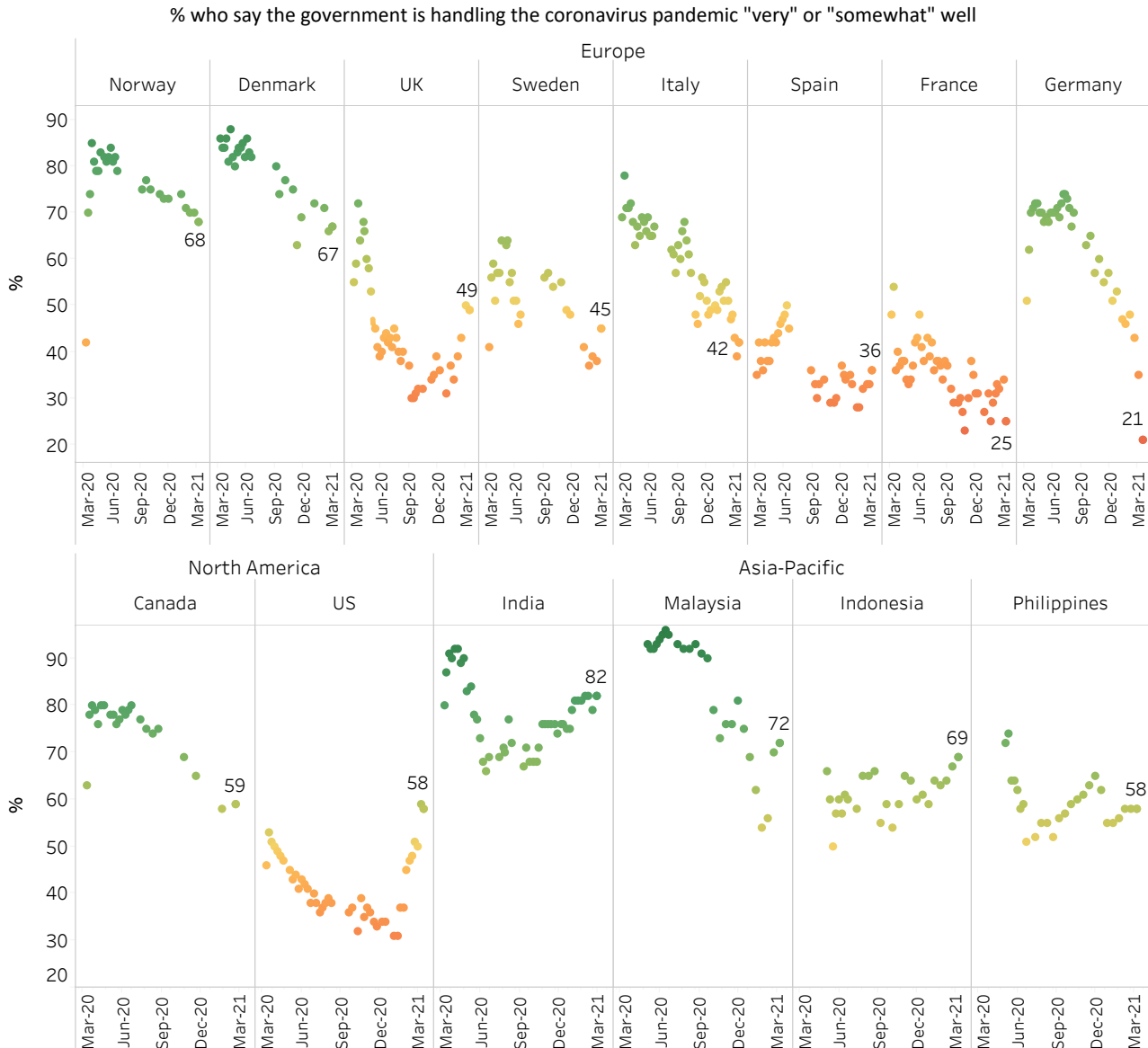


WEEKLY POLITICAL COMPASS

China is boycotting Western apparel brands. **Myanmar's** military junta is acting more violently against protesters. Ratification of the EU's pandemic recovery fund is on hold in **Germany**. In **South Africa**, the ruling party's leadership faces a showdown between factions. **Chile's** April elections could be postponed to May. Meanwhile, restrictions might be extended in the **Philippines**, **Slovakia's** government crisis might soon be resolved, **Brazil's** foreign minister is being blamed over vaccine diplomacy, and insurgent attacks are threatening a major gas development in **Mozambique**.

CHART OF THE WEEK

Discontent with governments' handling of the pandemic is higher in Europe than elsewhere



Source: YouGov

Citizens' levels of satisfaction with their governments' pandemic management strategies are at the lowest in most European countries since March 2020. The most striking case is Germany, where less than one quarter of the population is satisfied with the government's handling of the pandemic – 40 points lower than four months ago. The disappointing vaccine rollout across the EU and the extension of restrictions amid a worsening of the pandemic have contributed to this increased dissatisfaction. In contrast, the UK and the US governments have received a confidence boost following their successful vaccine rollouts. Meanwhile, in Asia-Pacific confidence in governments remains relatively high, although it is lower in the Philippines, where Covid-19 cases have been rising in recent weeks. In coming weeks governments' popularity will highly depend on the success of their vaccine rollouts and the effectiveness of lockdown measures.

WHAT TO WATCH

China

Teneo

Foreign apparel brands including H&M, Nike, Adidas, Burberry, and Hugo Boss are facing a nationalist backlash.

This is happening after state media re-surfaced statements from last year in which the companies expressed concern about alleged forced labor in Xinjiang. *People's Daily*, the Communist Party's official mouthpiece, used its official microblog account to call for a boycott, and at least a dozen celebrities have renounced endorsement deals with foreign brands.

Myanmar

The junta is reacting with greater force to break the protests that have persisted since February, with the weekend seeing more than 120 deaths, the highest number since the coup. The country's economic isolation is likely to grow, with more sanctions being imposed and with foreign investors and multilateral organizations recognizing the country's worsening political trajectory. However, this does not appear to be affecting the generals' decision to continue with their efforts to suppress public dissent, and the entrenched polarization is likely to become worse.

Germany

Ratification of the EU's EUR 750bn pandemic recovery fund is on hold until further notice from Germany's powerful constitutional court. Commentators are expressing their hope that the Karlsruhe judges will not dare to stop the unprecedented project by overruling last week's parliamentary sign-off. But for now, the federal president has been formally ordered not to sign the bill into law. If the court goes ahead with a deeper assessment, another referral to the Court of Justice of the EU could turn out to be inevitable.

South Africa

The ANC National Executive Committee (NEC) met over the weekend. The NEC meeting produced a showdown between President Cyril Ramaphosa's faction and the so-called 'radical economic transformation (RET)' faction led by ANC Secretary-General Ace Magashule. Ramaphosa's faction has pushed for all criminally accused members – which would include Magashule – to be given seven days to step aside. In response, the RET faction seems to have demanded a special ANC conference. Magashule's removal would be a major coup; if he clings on, internal divisions and chaotic messaging from the party would become even worse. As such, the NEC will provide signals regarding Ramaphosa's strength and his reform and anti-corruption drive.

Chile

The government will today table a constitutional reform bill to postpone the upcoming 10-11 April elections amid a continuing surge in Covid-19 cases. President Sebastian Pinera last night confirmed the plan to push back the mayoral, municipal council, gubernatorial, and constituent assembly elections to 15-16 May. The decision follows the unanimous position of the government's coronavirus advisory council in favor of a postponement, citing among other reasons, the rapid spread of new variants. Health authorities aim to have administered at least one vaccine dose to everyone aged 40 and over – or 9.3mn people – by mid-May. The need for two-thirds majorities in Congress means that opposition support for a postponement is necessary; some parties are instead calling for the April elections to go ahead over three days instead of two.

ON THE HORIZON

ASIA

India

Indian foreign minister S Jaishankar is in Tajikistan's capital to attend the 9th Heart of Asia-Istanbul Process (HOA-IP) ministerial conference on 29-30 March. As Pakistan foreign minister Shah Mahmood Qureshi will also attend, there is speculation the two might speak to each other on the sidelines, though neither side has asked for an official meeting. Their last formal meeting was in Nepal in 2016. India-Pakistan relations could be emerging from a deep freeze with the recent revival of a cease fire agreement on the border and the resumption of talks on river waters.

Malaysia

The United Malays National Organization (UMNO), which had dominated Malaysian politics from independence until its defeat in 2018, will run independently of its current coalition partners in the next elections. Party members made the decision at its annual general meeting held during the weekend. UMNO, which vies for the Malay vote, is tied as the second largest party in parliament and its decision to run independently makes the outcome of the next vote highly uncertain.

Philippines

President Rodrigo Duterte may decide by Monday evening in Manila whether to extend beyond Easter the movement restrictions imposed over the weekend. The strict movement controls – formally called the enhanced community quarantine (ECQ) – covers Metro Manila and its surrounding provinces, a combined area that accounts for roughly 40% of the country's GDP. Daily new cases are at their highest since the start of the pandemic and the positivity rate has also spiked; many hospitals are also overflowing with cases, forcing them to use outdoor tents.

Vietnam

The National People's Congress may vote later this week on the country's next set of leaders. The choices were decided at the Communist Party congress in late January, with party insider Pham Minh Chinh set to become the country's next prime minister. Chinh will likely focus on administrative reforms to reduce bottlenecks in the government, especially at the provincial level. Current Prime Minister Nguyen Xuan Phuc will become state president. Hanoi party secretary Vuong Dinh Hue will be the next head of the legislature.

EUROPE

Bulgaria

The ruling center-right Citizens for European Development of Bulgaria (GERB) is expected to win the 4 April parliamentary elections but will struggle to form a coalition government. An expectedly more fragmented parliament will open multiple post-election scenarios, of which the most plausible is a minority and technocratic cabinet tasked to lead the country through the pandemic.

Slovakia

Almost a month-long government crisis is getting closer to resolution after Prime Minister Igor Matovic (OLaNO) has agreed to swap positions with the Minister of Finance Eduard Heger (OLaNO). All four coalition parties have already expressed support for Heger, and he is expected to be formally approved by parliament later this week. The distribution of portfolios within the government is expected to remain unchanged, but some new ministerial appointments are likely. Overall, a compromise agreement bodes well for political stability, although disagreements between Matovic and other coalition members could persist.

Turkey

The cabinet is meeting today to discuss new Covid-19 restrictions due to a marked spike in virus cases. Turkey recorded 30,021 new cases on 27 March – the highest number since the start of the year. Meanwhile, a cabinet reshuffle, which could sanction the splitting of some ministries (including the Treasury and Finance ministry), remains on the political agenda.

LATIN AMERICA

Brazil

Teneo

Tension should peak this week regarding the future of foreign minister Ernesto Araujo. His dismissal has become the epicenter of a new executive-congressional crisis. Araujo has been singled out as the one to blame for delays in Covid-19 vaccine and active ingredient (API) purchases due to an undiplomatic approach to China. He is currently the main exponent of the far right Olavista faction of the Bolsonaro administration, supported unconditionally by the president of the House foreign relations committee Eduardo Bolsonaro, the youngest of the president's three politician sons. Over the weekend the minister tweeted that Congress wants to take him out because he is against "giving the 5G to China", which has been interpreted by many as his last message aimed at Bolsonaro supporters before leaving office.

MIDDLE EAST AND AFRICA

Cote d'Ivoire

On 31 March, the International Criminal Court (ICC) is set to deliver its judgment in the appeal of the prosecutor against the acquittal of former president Laurent Gbagbo and his co-defendant Charles Ble Goude. In January 2019, the ICC had acquitted both Gbagbo and Ble Goude from all charges of crimes against humanity allegedly committed in the context of the 2010/11 post-electoral crisis during which some 3,000 people were killed. Should the court confirm the acquittal, this would clear a main hurdle for both defendants to return to Cote d'Ivoire. Nevertheless, this would still be subject to negotiations with the government as both have been sentenced by Ivorian courts in absentia.

Mozambique

Palma, the northern town closest to Mozambique's landmark Afungi LNG development, has come under attack by insurgents. The attack appeared to target expatriates at a local hotel that has come under siege; at least seven people were reportedly killed when a convoy attempted to break out of the compound. Just days after announcing a resumption of operations, Total has been forced to announce another suspension of work on its USD 20bn LNG development project. Any delays to the 12.9mn mt/year LNG project, which was expected to come onstream in 2024/25, represent a major downside risk to the sovereign outlook.

Zambia

The government expects to resume virtual talks with the International Monetary Fund (IMF) on 30 March. A previous round of talks had ended inconclusively on 3 March. Both sides are under pressure to avoid admitting defeat, particularly as Zambia is one of the first countries to seek debt treatment under the G20's 'Common Framework for Debt Treatment beyond the DSSI'. However, Zambia's political fundamentals remain a crucial obstacle to a deal ahead of the 12 August elections.

[Client Portal >>](#)

Macro Research
+44 20 7186 8894
Macro@teneo.com

© 2021 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.