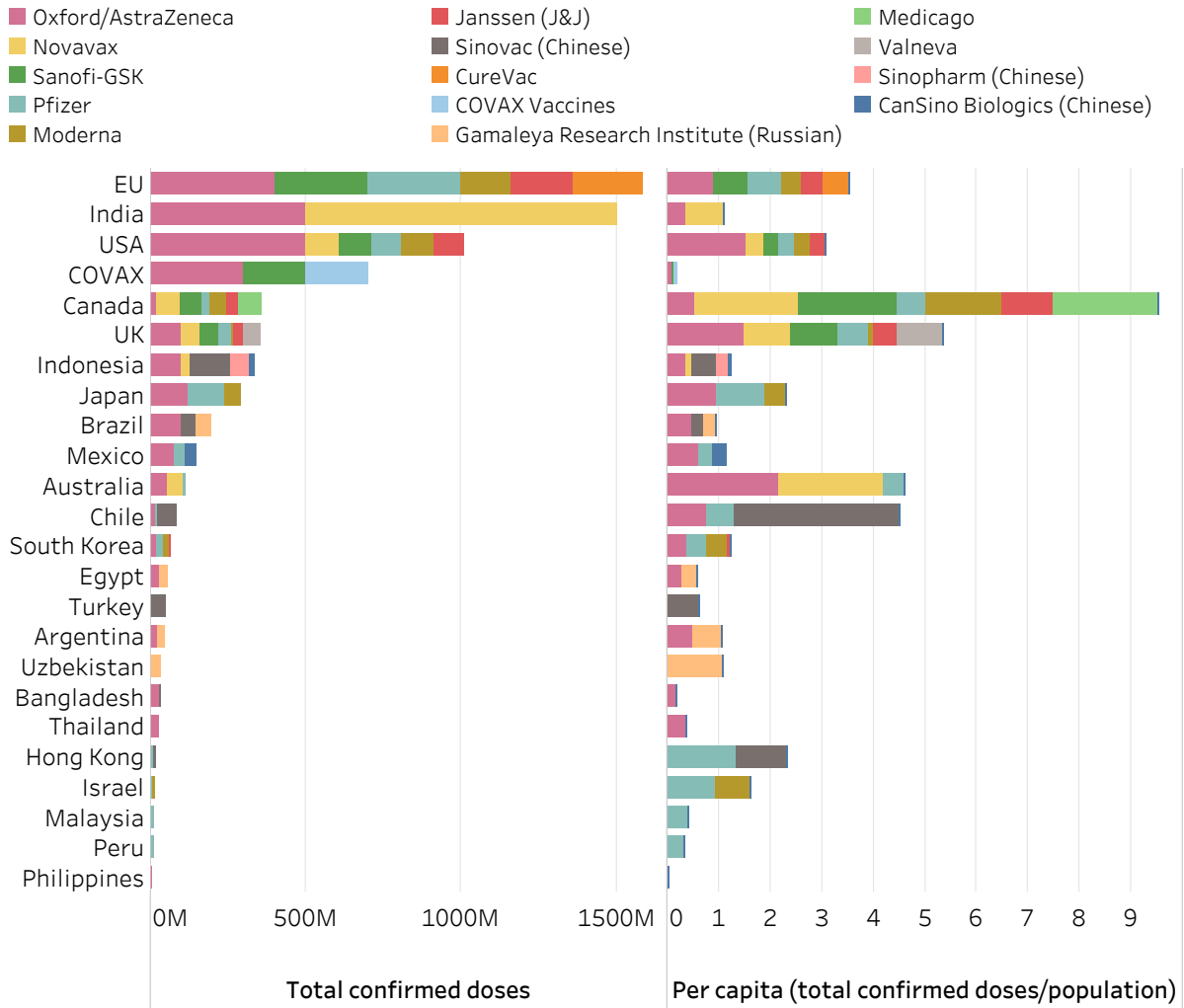


WEEKLY POLITICAL COMPASS

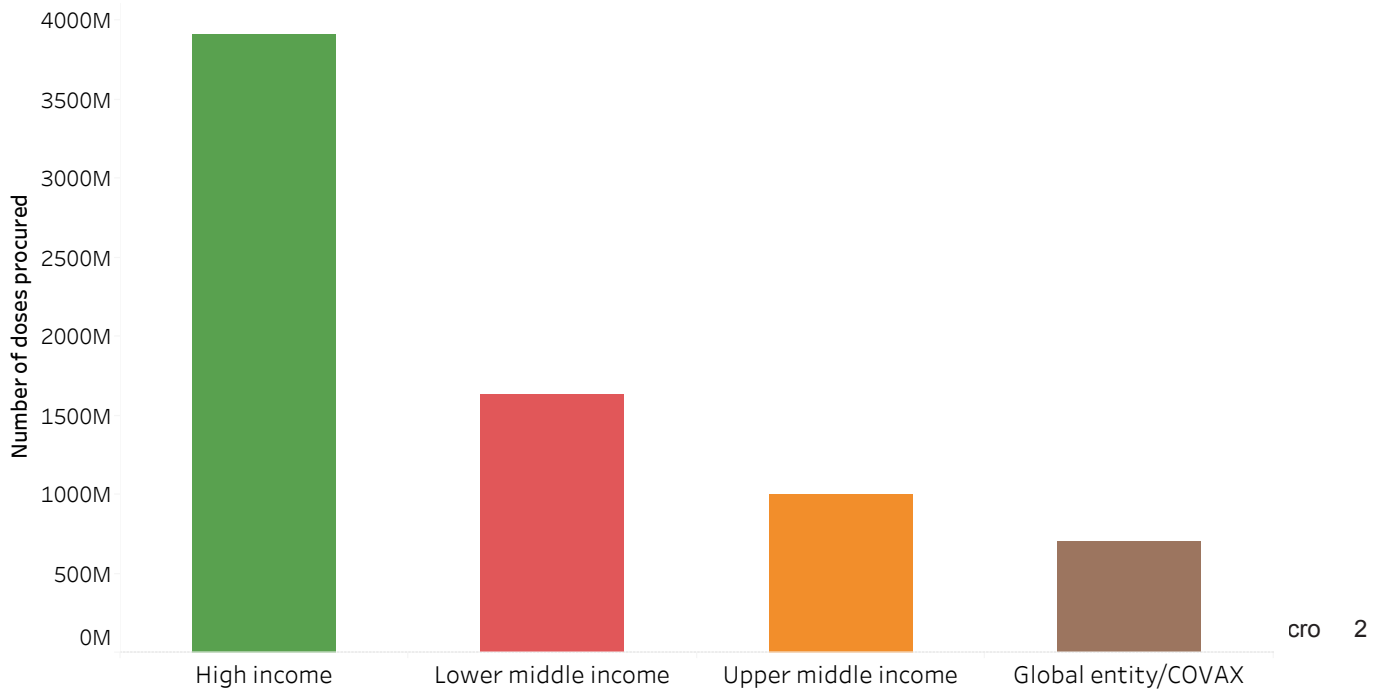
Trade negotiations between the **UK** and the **EU** continue. Nasdaq will remove four **Chinese** companies' shares from indexes. **South Africa's** president is expected to announce new Covid-19 related measures. Meanwhile, **India's** Supreme Court could rule in favor of expelling farmers on protest, **Germany** will implement a strict lockdown ahead of the holidays, **Venezuela's** opposition has held an unofficial referendum, and **Ghana's** main opposition presidential candidate may appeal the general election results.

CHART OF THE WEEK

Covid-19 vaccine confirmed doses by country and vaccine candidate



Confirmed number of doses purchased by income level of purchaser



Source: Teneo's research & Duke Global Health Innovation Center (last update on 11 December)

While high income countries have secured large-scale deals for a wide range of vaccine candidates, some **poorer countries are not expected to have enough doses to vaccinate their entire population in the short run**. The COVAX initiative to ensure access of lower income countries is still under-resourced. Countries with manufacturing capacity, such as India and Brazil, or with infrastructure to host clinical trials (Peru) have negotiated manufacturing agreements with vaccine candidates. Meanwhile, developing economies, such as Brazil, Chile, Turkey and Argentina have closed deals with either Chinese or Russian vaccine candidates – mostly with the former. As it happened with PPE equipment during the first wave of Covid, vaccine diplomacy seems to be the driver for China's vaccine deals in the developing world.

WHAT TO WATCH

UK-EU

Both sides scrapped yet another self-imposed deadline on Sunday, agreeing to continue their post-Brexit trade talks. Level playing field enforcement remains the crucial sticking point, but the EU's overall movement away from earlier ideas of "dynamic alignment" and upfront enforcement bodes well for a deal. The challenge now will be to agree on the exact shape of a consultation mechanism that would kick in before tariffs, in case one side deemed the other to be deviating too strongly from mutually agreed rules for fair competition.

US/China

Nasdaq said it will remove four Chinese companies' stock from securities indexes. This will be the third major index provider to do so following a White House executive order banning US nationals from investing in a list of Chinese firms with alleged ties to the People's Liberation Army. FTSE Russell and S&P Dow Jones previously said they will delete affected Chinese stocks from indexes, while MSCI is still consulting with asset managers over the issue.

South Africa

On 14 December President Cyril Ramaphosa will address the nation about the Covid-19 pandemic. Additional public health measures will likely be required after Health Minister Zweli Mkhize stated last week that South Africa had officially entered the second wave of the pandemic. Infection trends have risen sharply in four provinces – the Western Cape, Eastern Cape, KwaZulu-Natal and Gauteng. Travel between provinces over the holiday period risks worsening the outlook. Although the government has been reluctant to return to a harsh lockdown, it will be increasingly difficult to avoid additional public health measures.

ON THE HORIZON

ASIA

India

On 16 December the Supreme Court will hear a petition to expel thousands of farmers who are blocking highways leading to the capital New Delhi in protest against farm reforms. If the court rules in favor of expelling the protesters, the government will have to resort to strong-arm tactics to vacate the roads, which might be politically difficult.

Japan

Prime Minister Yoshihide Suga announced on 14 December that he would suspend the controversial "Go To Travel" subsidies nationwide from 28 December to 11 January as Japan's third wave continues to grow. Tokyo and Nagoya will also be suspended from the program immediately, following Sapporo and Osaka. Suga's about-face comes after he insisted, despite the increasingly urgent requests of his medical advisers, that the program would remain in place. However, with his unpopularity growing – a poll this weekend showed his disapproval rating overtaking his approval for the first time

– Suga seemed to have little choice but to introduce a chance. It is unclear whether this gesture will be effective at curbing Japan's caseload or stabilizing the prime minister's support.

EUROPE

Germany

The government and the leaders of the 16 regional states have agreed on a strict lockdown as of 16 December. On top of bars and restaurants, schools and all non-essential shops will have to close, social distancing rules will be in place with only mild exceptions for the period between 24 and 26 December, and the sale of alcoholic beverages outside will be banned. The rules will also apply on New Year's Eve. Bavaria's leader Markus Soeder had paved the way for the latest tightening of restrictions by introducing tougher rules in his state earlier. He is, again, going further than his colleagues, by introducing an additional nighttime curfew in Bavaria. Soeder's strict stance and his ability to set the tone of the debate rather than following suit, continue to boost his position in the unofficial race for the Merkel succession.

Italy

The government is likely to introduce draconian nationwide restrictions throughout Christmas and New Year as concerns about a third wave in January are increasing. Rome could enact "red-zone" rules from 24 December to at least 2 January. This would ban non-essential movement, and close shops, bars and restaurants on weekends and holidays, with the exception for those selling essential goods.

Russia

President Vladimir Putin is scheduled to hold his annual press conference on 17 December, which will include questions from the general public submitted online. Considering the difficult epidemiological situation, the handling of the pandemic, the vaccination planning process and socio-economic issues are expected to be the dominant topics.

LATIN AMERICA

Venezuela

According to opposition leader Juan Guaido, 6.4mn people voted in a mixed – online and in-person – unofficial referendum to repudiate the Nicolas Maduro regime; voting concluded on 12 December. The numbers are impossible to verify. However, this will not stop Guaido from using the vote to extend his claim to the interim presidency beyond 5 January, when the current legislature concludes. However, another prominent opposition figure, Henrique Capriles Radonski, has become increasingly critical of Guaido's leadership. Internal opposition rivalries are set to intensify from January, providing Maduro with exactly the boost he wants. Maduro's coalition will have 253 out of 277 seats in the incoming legislature.

MIDDLE EAST AND AFRICA

Ghana

Main opposition presidential candidate John Mahama may officially appeal the 7 December general election results in court. Mahama already announced that he would not accept the results of both the presidential and parliamentary election, which he and his National Democratic Congress (NDC) lost against President Nana Akufo-Addo and his New

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

© 2020 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.