

## WEEKLY POLITICAL COMPASS

The first high-level talks between **Chinese** officials and the new **US** administration have been held. In **Italy**, Mario Draghi's new cabinet could be announced. After the first round of **Ecuador's** presidential election, it is still unclear who came in second. **South Africa's** president will deliver his annual State of the Nation speech. Meanwhile, protests are emerging in **Myanmar**, a virtual summit will be held between **China** and **Central and Eastern European** countries, **Brazil's** legislative agenda will be clarified this week, and **Zambia's** talks with the IMF will start.

### CHART OF THE WEEK

## Willingness to vaccinate against Covid-19 across the globe



Source: YouGov (last update on 3 February 2021)

As [expected](#), **vaccine skepticism appears to be decreasing** as more countries are starting their vaccine rollout and citizens become aware of its effectiveness. This is especially the case in advanced economies, where the process is playing out at a faster pace, even if there are countries (France, US) where vaccine skepticism is still comparatively high. Meanwhile, the trend is more stable in the Asia-Pacific region, where some countries have yet to start their vaccination process. Some countries in the region (Thailand, Singapore, Hong Kong) rely on Chinese-made vaccines – the World Health Organization (WHO) is now scrutinizing Sinovac and Sinopharm’s emergency approval applications. Most countries that have secured doses of Chinese vaccines are facing delays in shipments and, in some cases, citizens could become skeptical towards the effectiveness of these vaccines. At the same time, the potential authorization of these vaccines by the WHO could increase their popularity. For instance, this happened to Russia’s Sputnik V last week, after a peer-reviewed article showed its very high efficacy rate.

## WHAT TO WATCH

### US/China

**The Communist Party's top foreign policy official, Yang Jiechi, held a phone call with US Secretary of State Anthony Blinken on February 5.** This is the first high-level contact between Washington and Beijing since US President Joe Biden took office. Blinken said the US will "stand up for human rights and democratic values, including in Xinjiang, Tibet, and Hong Kong," suggesting little hope in the short term for a thaw in bilateral relations.

### Italy

**Prime Minister-designate Mario Draghi has secured initial support from two key parties as he tries to form a government to take the country out of its current political crisis.** Following the overtures from the Five Star Movement and the Lega, Draghi will wrap up a second round of talks on 9 February. A new cabinet should be announced by the end of the week.

### Ecuador

**The battle for second place in yesterday’s presidential first round election is likely to stretch into this week amid probable demands for a manual vote recount.** According to the latest count from the early hours of 8 February, Andres Arauz of the leftist Union for Hope (UNES) coalition was on 32.21%, which puts him through to the April run-off vote. Meanwhile, Yaku Perez of Pachakutik, the political arm of the Confederation of Indigenous Nationalities of Ecuador (Conaie), was on 19.8%, while Guillermo Lasso of the center-right Creating Opportunities (CREO) party, was on 19.61% – a difference of around 6,000 votes. If Perez’s lead over Lasso is confirmed, it would be a political coup for the indigenous leader. The key question would be whether Perez would be able to form a viable coalition to block Arauz from winning; even if Lasso were to overtake Perez in the count, the same question would apply.

### South Africa

**On Thursday, 11 February, President Cyril Ramaphosa will deliver his annual State of the Nation Address.** Ramaphosa’s address is expected to focus on long-awaited economic reforms and the vaccine rollout. The speech may provide clues regarding the 2021 budget, for example the continuation of Covid-19 social grants. On the vaccine front, a new wrinkle is a scientific study indicating that the Astra Zeneca vaccine – 1mn doses of which have just been delivered – is not effective in preventing mild to moderate disease caused by the B.1.351 [or 501Y.V2] variant.

## ON THE HORIZON

### ASIA

#### Myanmar

**Large protests started in several population centers over the weekend and continued into Monday but the government is now warning of a sterner reaction.** In the cities, workers were noticeably absent in many sectors, signaling the possibility of a general strike should the movement gain momentum. If security forces meet the demonstrations with force, then the pressure on western governments to react more forcefully will increase.

## EUROPE

### CEE-China

**A virtual summit between China and 17 countries in Central and Eastern Europe – known as 17+1 – is expected to be held on 9 February.** Few details are available about the event, but it is expected to focus on the pandemic and economic cooperation. The decision by at least two CEE countries – Estonia and Lithuania – not to delegate their highest-level political representatives to the summit reveal mounting challenges to China's role in the region.

## LATIN AMERICA

### Brazil

**Both new pro-government House Speaker Arthur Lira from the Progressives (PP) and Senate Chairman Rodrigo Pacheco from the Democrats (DEM) should clarify the legislative agenda in each of the chambers this week.**

The government presented a 35-item priority list last week, divided into the resumption of investment, fiscal reforms and family values, which gave little guidance in terms of the sequencing or the urgency of the agenda. Pacheco is confident that Congress and the government will find a solution this week to the top item on Congress' list: the restoration of the Covid-related emergency assistance that expired on 31 December. Economy Minister Paulo Guedes has conditioned the assistance on the return to the state of calamity that also expired at the end of the year – which remains a tall order. He also said that the idea is for only half of the 68 million people who benefitted last year to benefit this year. Meanwhile, a request to invite the Health Minister, Eduardo Pazuello, to explain his ministry's immunization plan and other controversial measures has already been approved by the Senate.

## MIDDLE EAST AND AFRICA

### Zambia

**Talks with the IMF are expected to start on 11 February and last until 3 March.** On 5 February, Finance Minister Bwalya Ng'andu announced that Zambia has applied for debt treatment under the G20's 'Common Framework,' which has yet to be tried and tested. Ng'andu seems to aim to conclude an Extended Credit Facility (ECF) agreement with the IMF before elections due in August, but President Edgar Lungu's make-or-break reelection bid remains a major obstacle.

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