

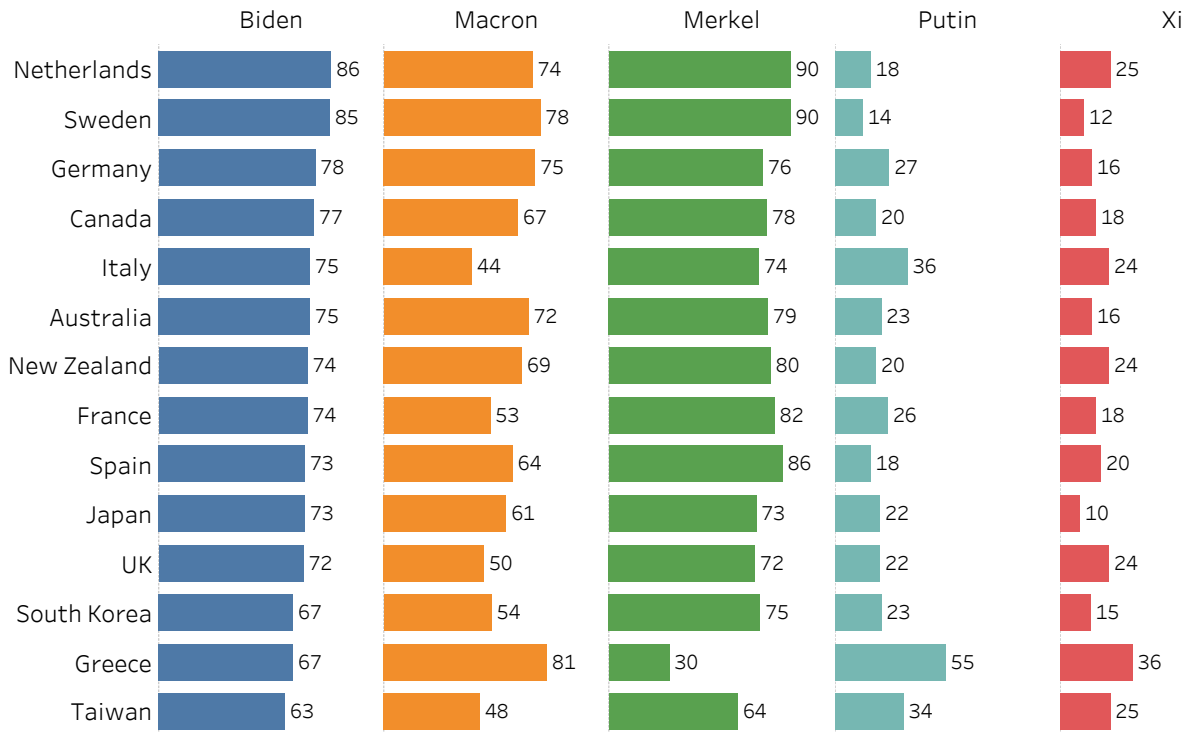
WEEKLY POLITICAL COMPASS

G7 leaders have agreed to prevent forced labor in global supply chains. The **US-Russia** summit is unlikely to ameliorate tensions. **Peru's** electoral authorities are reviewing the presidential election results. Regional and departmental elections will take place in **France**. **Cote d'Ivoire's** former president returns to the country. Meanwhile, **Thailand's** vaccine rollout is expected to slow down, the **German** Greens have formally nominated their chancellor candidate, **Brazil's** senate will decide on the privatization of a major electric utilities company, and international pressure is mounting on **Ethiopia's** government.

CHART OF THE WEEK

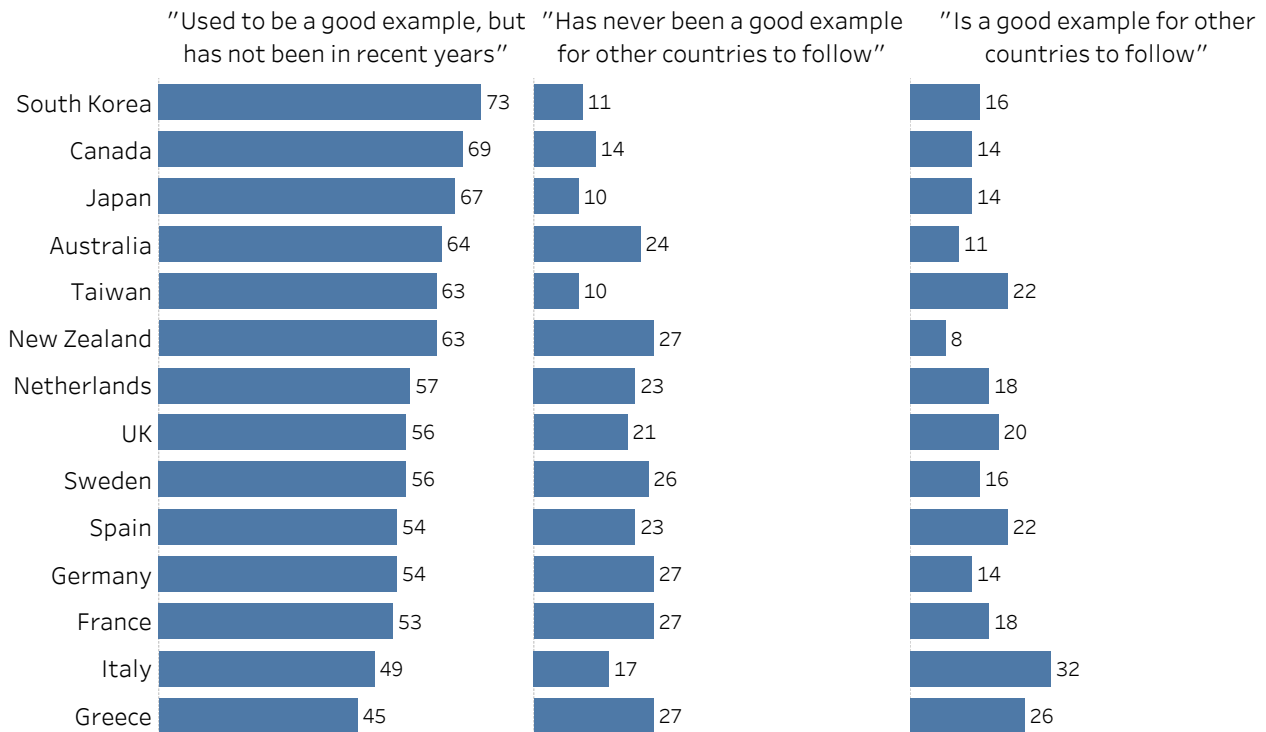
Western leaders are still the most popular across advanced economies

% who have confidence in different world leaders to do the right thing regarding world affairs



The reputation of US democracy abroad has been damaged

% who say democracy in the US...



Source: Pew Research Survey, Spring 2021 Global Attitudes Survey

At their Cornwall summit, **G7 nations** have made commitments on corporate taxation, Covid-19 vaccines, and a strategy to counteract China's influence. In parallel to this "return of the West," the arrival of Joe Biden to the White House has translated into a more positive view of the US presidency in many countries. Together with other Western leaders, such as France's Emmanuel Macron and Germany's Angela Merkel, Joe Biden is relatively popular across many advanced economies. Meanwhile, Chinese and Russian leaders are much less acclaimed, even though in some Western countries – i.e., Italy and Greece – they are perceived more positively. At the same time, however, people outside the US do not see the country's democratic system as a role model anymore, which might limit the influence of US proposals. In the years ahead, Western democracies will be pressured to overcome their differences on a range of issues and prove the ability of liberal democracies to deliver better economic and societal outcomes than non-democratic countries.

WHAT TO WATCH

G7/China

At an in-person summit in Cornwall, G7 leaders pledged to "identify areas for strengthened cooperation" on preventing forced labor in global supply chains. This was a reference to alleged . Leaders also promised to establish a working group to design a new joint infrastructure investment program to rival China's Belt and Road Initiative.

Russia/US

A summit between US and Russian presidents on 16 June in Geneva is unlikely to bring any breakthroughs in bilateral relations. However, symbolic measures aimed at restoring confidence between the two countries are possible. The summit aspires to refresh personal ties between the two presidents and sketch a wider framework for bilateral relations during Joe Biden's presidency. However, multiple persisting points of contention between Moscow and Washington (including its allies) could pose risks to any agreement in the longer-term.

Peru

Electoral authorities are continuing to review contested ballots and vote annulment requests submitted by Keiko Fujimori's legal team last week. With 99.93% of votes cast in the 6 June election fully scrutinized, Pedro Castillo is on 50.14%, while Fujimori is on 49.86%. The margin of difference is under 50,000 votes out of 17.6mn votes cast for the two candidates. Over the weekend, Fujimori reiterated her charge that there has been electoral fraud. However, many vote annulment requests were submitted by her Fuerza Popular (FP) team after the legal deadline. The Organization of American States (OAS) electoral observation mission says that it had not detected any serious irregularities. Tensions remain contained for now.

France

The first round of the regional and departmental elections will take place on 20 June. Opinion polls confirm that the ruling Republic on the Move (LREM) party of President Emmanuel Macron will perform quite poorly in the vote. However, regional incumbents traditionally do well in this type of contest, limiting the ability of new parties such as LREM to make electoral inroads. The two main signposts to watch are a) Marine Le Pen's National Rally (RN) performance, as winning a region for the first time could give the far-right presidential candidate some momentum in the polls; and b) whether key presidential center-right candidates such as Xavier Bertrand and Valerie Pécresse are able to be re-elected at the helm of their respective regions.

Cote d'Ivoire

Former president Laurent Gbagbo is set to return on 17 June. Much scrutiny will be placed on the kind of welcome the ex-leader is about to receive upon setting foot on Ivorian soil for the first time in ten years. While major anti-Gbagbo protests seem unlikely, a major celebratory event, potentially rounded off with a 'victory' speech, may indicate that Gbagbo still harbors major political ambitions.

ON THE HORIZON

ASIA

Malaysia

The heads of the country's nine royal households will meet on 16 June to discuss the country's political crisis, vaccine rollout and the handling of the Covid-19 pandemic. Although the monarchy's power is largely ceremonial, the meeting could tip the political scales against Prime Minister Muhyiddin Yassin, with an outcome that signals that the king may ask parliament to resume sessions soon or if it were to recommend the creation of an independent committee to handle the pandemic response.

Myanmar

The trial of Aung San Suu Kyi started 14 January. She faces several charges ranging from the illegal importation of walkie talkies to corruption. The trial is unlikely to be perceived credibly domestically or abroad and as it progresses could trigger more protests.

Thailand

The country's vaccination rate will slow down in the coming week due to supply problems, creating more political noise against Prime Minister Prayuth Chan-ocha. The government remains cagey about the reasons, primarily because it would revive the issue of why Thailand's vaccine supplies are heavily dependent on the production of Siam Bioscience, a company fully-owned by the monarchy.

EUROPE

Armenia

The recently formed opposition Armenia Alliance led by former president Robert Kocharyan is expected to win the parliamentary elections scheduled for 20 June. This would oust acting Prime Minister Nikol Pashinyan, whose popularity took a hit after Armenia suffered territorial losses in the latest escalation in the Nagorno Karabakh conflict in the fall of 2020. The Armenia Alliance's victory would signal a retrenchment of military positions and rhetoric between Armenia and Azerbaijan and could strengthen calls for greater Russian presence in and around the conflict zone.

Germany

The Greens have formally nominated Annalena Baerbock as their chancellor candidate. At last weekend's party conference, delegates also endorsed the draft electoral manifesto. After a strong start to the election campaign, the Greens and their candidate have recently had to deal with declining support in the polls. The next event to watch is the manifesto presentation of Armin Laschet's Christian alliance (CDU/CSU) on 21 June.

Turkey/US

Turkish President Tayyip Erdogan will meet his US counterpart, Joe Biden, at the sidelines of a 14 June NATO summit in Brussels. While both sides are expected to pursue some pragmatic engagement and neither is interested in a showdown, the meeting will not provide Erdogan with any meaningful dividend. None of the major friction points will be solved, meaning that US-Turkey ties will continue to be fraught with difficulties.

LATIN AMERICA

Brazil

The Senate will have to resolve this week whether it will modify the House-approved executive order (EO) on the privatization of power giant Eletrobras. The EO expires on 22 June and if changes are introduced in the Senate it will have to go back to the House for further analysis. There is resistance in the Senate to controversial parts of the EO agreed at the House such as the requirement to contract 6 gigawatts in reserve capacity energy from gas-fired thermal plants in the North, Northeast and Midwest regions.

MIDDLE EAST AND AFRICA

Ethiopia

International pressure on Prime Minister Abiy Ahmed's administration continues to escalate. The G7 has called for unimpeded access for aid workers to the war-torn Tigray region, as well as an immediate ceasefire and the withdrawal of Eritrean troops. According to the UN, some 350,000 Tigrayans face a "phase 5" (or "catastrophic") food emergency; another 2mn are living under "phase 4" ("emergency") conditions. Moreover, the US government, which recently imposed sanctions, has raised concerns about the credibility of Ethiopia's forthcoming elections – now scheduled for 21 June in most regions – amid ethnic violence and detentions of opposition figures. Finally, Egypt is pushing for UN Security Council action over the Grand Ethiopian Renaissance Dam.

South Africa

President Cyril Ramaphosa has made reform progress but faces pandemic setbacks. On 10 June, Ramaphosa announced an increase in the threshold for self-generation projects without licenses from 1MW to 100MW, heralding change for the Eskom-dominated electricity market. On 11 June, the government announced the sale of a 51% stake in troubled national carrier South African Airways (SAA) to a local consortium. However, on the pandemic front, South Africa faces a third wave, the suspension of its health minister over corruption allegations, and fresh delays to its vaccine rollout after the US Food and Drug Administration declared 60mn J&J shots unsuitable for use, which will include 2mn much-needed doses sitting at the Gqeberha finish-and-fill plant.

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