

WEEKLY POLITICAL COMPASS

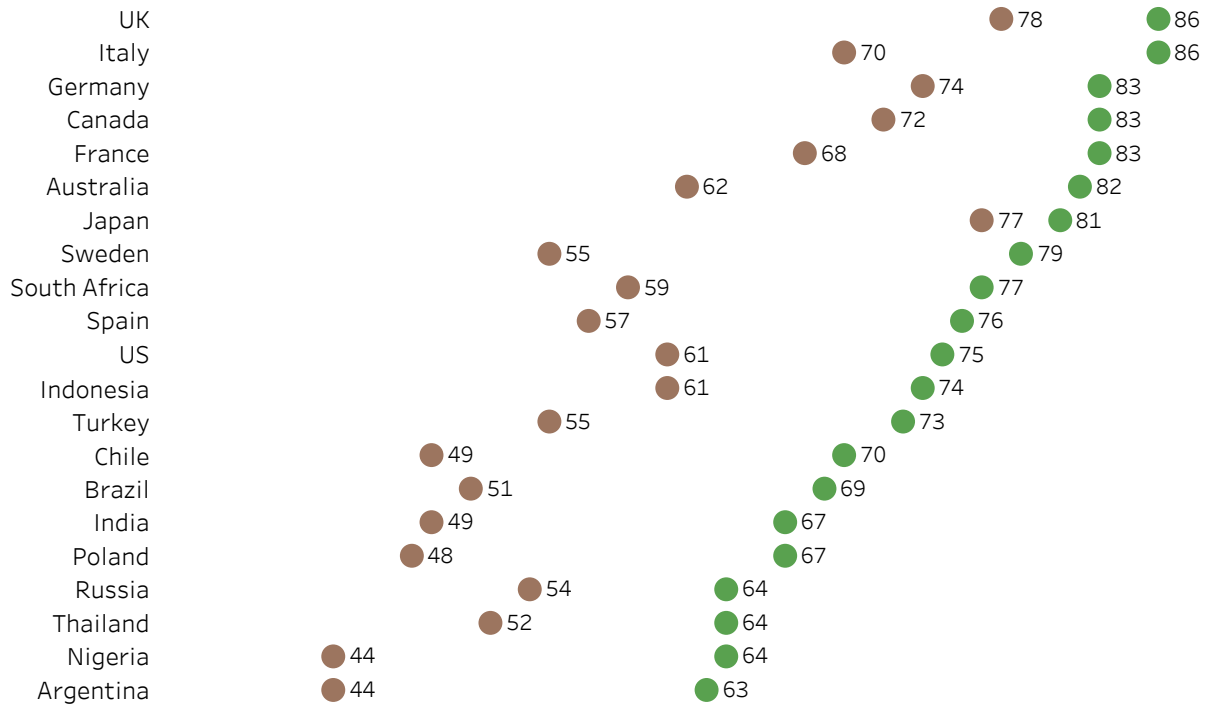
The **COP** climate conference has begun in the UK. **Japan's** PM oversaw a strong election result for his party. **China** is warning of its new Covid outbreak. Meanwhile, **Australia's** PM is facing unwanted narratives regarding AUKUS, the political crisis in **Romania** continues, **Brazil's** president is not attending the climate conference, and voters in **South Africa** are going to the polls in municipal elections.

CHART OF THE WEEK

A majority of teenagers see climate change as a global emergency

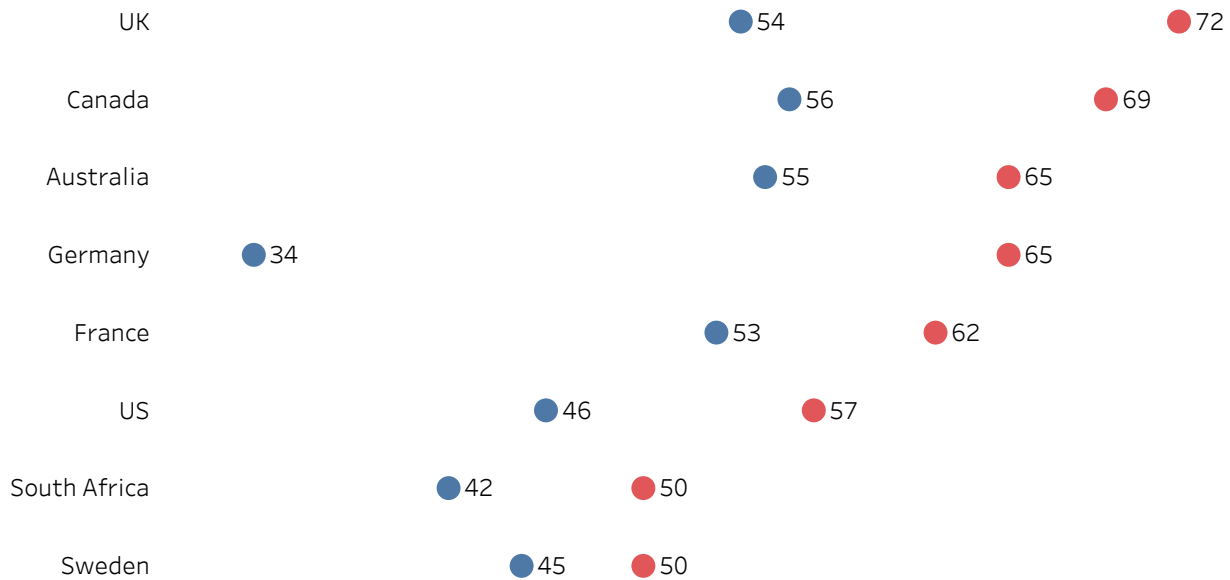
% who believe that climate change is a global emergency

Over age 60 Under-18s



Citizens are increasingly demanding on companies' environmental practices

Require more information on how products are made
Make companies pay for their pollution



Source: United Nations Development Programme (UNDP)/University of Oxford, "Peoples' Climate Vote" (2020). The Peoples' Climate Vote was conducted from 7 October to 4 December 2020 by distributing poll questions through adverts in popular mobile gaming apps to 50 countries.

G20 leaders agreed over the weekend to end the financing of new **coal power** projects. However, countries such as China, Australia, India, and Russia are leading the opposition to the introduction of a more ambitious calendar to phase out coal power. The graph shows that these are countries where citizens are comparatively less concerned about climate change. Furthermore, people who are teenagers are more concerned about climate change than those over-60s – the widest generational gap is observed in countries like Australia, Sweden, Spain, and India. This trend points at a structural feature of the climate debate: the electoral pressure on governments and companies to tighten their environmental policies will only increase in the medium term. In the near term, however, the main challenge for governments is translating the promises made at global meetings into reality through national legislation. Even if a consensus is emerging on the climate front across mainstream political parties, a certain degree of political friction should be expected about how fast emissions should be cut and who will bear the cost of the energy transition.

WHAT TO WATCH

COP

The Glasgow climate conference has begun. One of the key goals is to complete the Paris accords rulebook by agreeing to the terms of Article 6 on carbon markets. Lack of consensus on this issue has tripped up finalization of the rulebook at recent COP gatherings. At the same time, the steel and aluminum deal reached by the EU and the US over the weekend aims at replacing current tariffs with “the world’s first carbon-based sectoral arrangement” over the next two years; this serves as a reminder that delivering on global targets – nationally and in bilateral agreements – will be at least as important as negotiating these goals at global conferences.

Japan

At the end of his first month in office, Prime Minister Fumio Kishida oversaw an impressive general election result for the LDP. The party lost only a minimal number of seats and retained full control of the Lower House legislative process together with junior coalition partner Komeito. The Shinzo Abe-aligned right wing of the ruling party suffered a set-back when leading Abe ally and election strategy chief Akira Amari resigned from the influential post of party Secretary-General after failing to win his own local district. This gives the more centrist Kishida a stronger-than-expected hand for shaping the policy agenda and internal party reforms going forward. A new economic stimulus package is expected to be announced in December.

China

A top Chinese health official warned on 30 October that the country’s latest Covid-19 outbreak is “developing rapidly.” The National Health Commission confirmed 436 domestically transmitted cases in 14 provinces from 17 to 30 October. In line with China’s ongoing zero tolerance policy, authorities are conducting mass testing, and around 6mn people are under lockdown.

ON THE HORIZON

ASIA PACIFIC

Australia

French President Emmanuel Macron’s accusation that Scott Morrison had lied to him creates an unwanted narrative for the prime minister. Macron was once again referring to the AUKUS deal. Morrison is heading into elections no later than May next year. The accusation, made in the side lines of the G20 in Rome, was calibrated for maximum impact; it plays on a growing perception among some voters that Morrison has a tendency towards dishonesty and shirking responsibility. The federal opposition has seized on Macron’s comments, setting Morrison’s character and credibility up as a

key issue come election day – one it will seek to carry across multiple issues for the government where judgement and tact have appeared lacking.

EUROPE

Romania

The political crisis is set to continue for another week. Prime Minister-designate Nikolae Ciuca nominated by the center-right National Liberal Party (PNL) is unlikely to secure parliament's support for his minority cabinet in a vote of confidence scheduled for Wednesday, 3 November. If Ciuca loses the vote, President Klaus Iohannis (independent, associated with PNL) could either dissolve parliament and call early elections or nominate a new prime ministerial candidate. The latter option remains more likely. The protracted deadlock among parliamentary parties increases the probability of a technocratic cabinet or a grand coalition between PNL and center-left Social Democratic Party (PSD) as a compromise solution to end the crisis.

LATIN AMERICA

Brazil

President Jair Bolsonaro attended the G20 meeting but did not go to Scotland for COP26. Ten state governors who created the "Green Brazil Consortium" will attend the environmental summit to present their own sustainable agenda and commitment to fulfilling Paris Accord targets in an effort to counter the denialist image of the federal government. On Wednesday, meanwhile, the House should vote on the controversial constitutional amendment that changes the official spending cap and permits the government to limit and postpone court-mandated payments of judicial claims in 2022 - an electoral year.

MIDDLE EAST AND AFRICA

South Africa

Today, 1 November, South Africans are voting in local elections. The ruling ANC's overall vote share may drop to just below 50%. The ANC's margins in key cities like Tshwane and Johannesburg may drop further below 50% and its majorities may decline even in traditional strongholds, including eThekweni. The main opposition, the Democratic Alliance (DA), is unlikely to be the biggest beneficiary of declining ANC support. Instead, smaller parties will make inroads and may emerge as kingmakers in key cities.

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