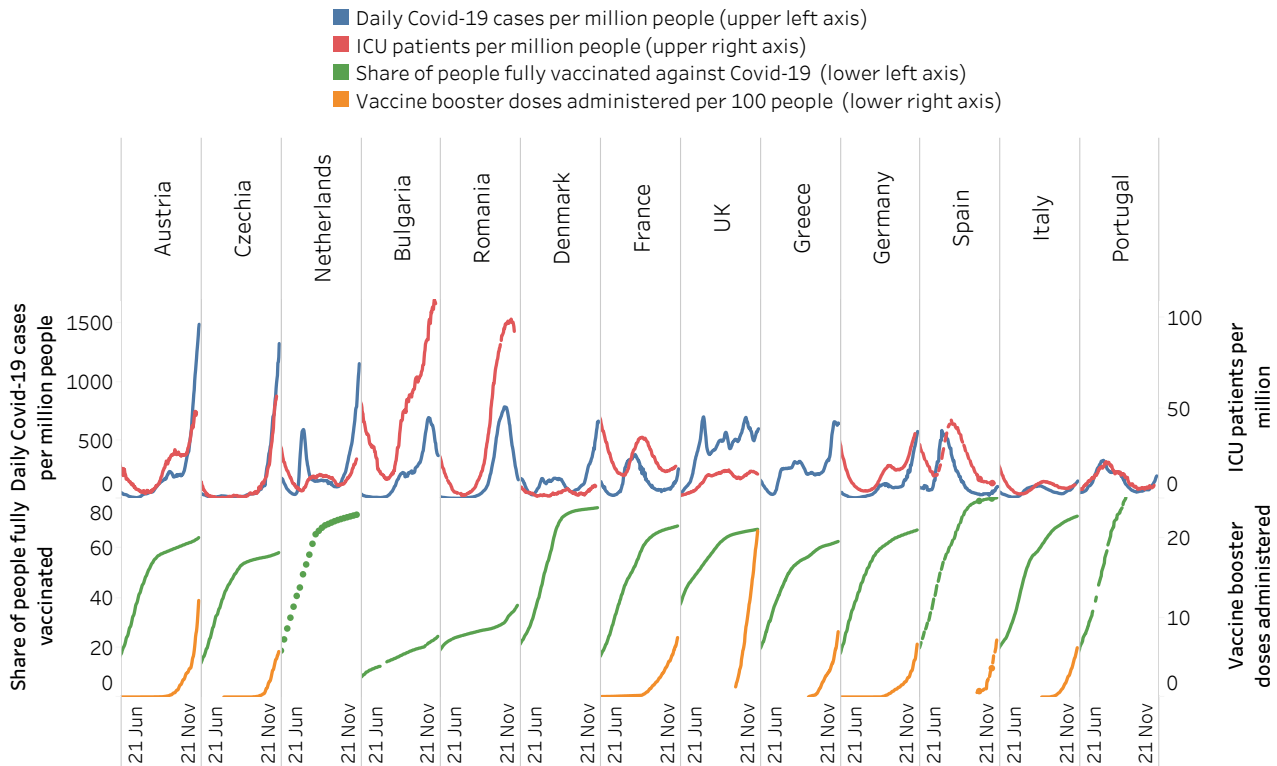


WEEKLY POLITICAL COMPASS

Chinese tennis star Peng Shuai told the IOC president that she is safe and well. **Germany's** next government coalition might present its policy program this week. The deadline for local councils to be constituted is looming in **South Africa**. Meanwhile, **Australia** wants to secure its supply chains, **Bulgaria's** president has been confirmed in elections, **Mexico's** president is hoping for a boost in public approval ratings, and the US is pushing for a ceasefire in **Ethiopia**.

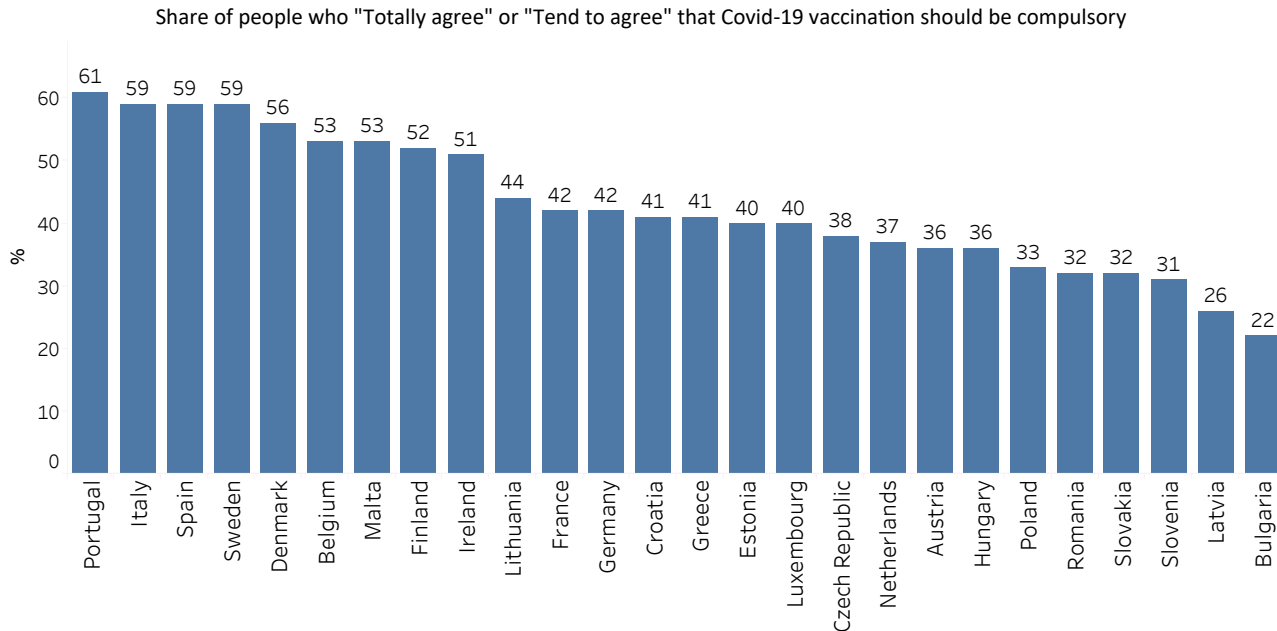
CHART OF THE WEEK

European countries ramp up their booster programmes as pandemic outlook worsens



Source: ECDC (European Centre for Disease Prevention and Control) and Our World in Data. Rates shown are as of November 21.

Support for compulsory Covid-19 vaccination varies substantially across the EU



Source: Flash Eurobarometer 494, May 2021

This week will see the introduction of a new full **nationwide lockdown** in Austria where Covid-19 vaccinations will be mandatory from February 2022. Meanwhile, many EU governments, including Greece and Germany, are placing additional restrictions on their unvaccinated populations. This new round is stricter in countries where cases are rapidly rising and

vaccine uptake is comparatively low. Only about 65% of Austrians and Germans have been fully vaccinated so far, while these figures are higher in Spain, Portugal, Denmark, and Belgium. Governments might look at tougher vaccine mandates and the expansion of booster shots as an alternative to new restrictions. However, the move towards more encompassing vaccine certificates – or even compulsory Covid-19 vaccinations – might lead to significant political backlash in some countries, as observed in the graph above. In fact, protests have taken place over the weekend in major cities of Austria and the Netherlands. The return of restrictions in some European countries comes at a particularly difficult time for the global economy and people's finances, given inflationary pressures, the continued energy crisis, and the looming withdrawal of pandemic support.

WHAT TO WATCH

China

Chinese tennis star Peng Shuai told International Olympic Committee (IOC) President Thomas Bach that she is safe and well during a 30-minute phone call, according to an IOC statement. The governments of the US, UK, and France, as well as current and former tennis notables, called on the Chinese government to prove Peng is safe after she accused a former Chinese Vice Premier and Politburo Standing Committee member of sexual assault.

Germany

The future government partners might present their coalition agreement as early as 23 November. This would still leave around two weeks of time for sign-off within the three parties. A membership ballot will then be held among the Greens, while the Social Democrats (SPD) and the Liberals (FDP) will hold party conferences. The plan remains to elect Olaf Scholz as chancellor in the Bundestag in the week beginning on 6 December. Amid the worsening pandemic situation, the new government will then immediately face the tough task of reassessing last week's decision to increase the pressure on unvaccinated people while phasing-out blanket lockdowns as a crisis fighting tool.

South Africa

23 November is the deadline by which all local councils must be constituted following the municipal elections earlier this month. The coalitions or minority governments that will emerge in a record number of hung councils, including five of South Africa's eight major cities, will have important implications for governability, the 2024 general elections and even President Cyril Ramaphosa's re-election bid ahead of the ruling party's 2022 national conference.

ON THE HORIZON

ASIA PACIFIC

Australia

The government will work with AUKUS and Quad partners to secure the supply chains of critical technologies.

Speaking at the inaugural 'Sydney Dialogue', Prime Minister Morrison announced Australia's Blueprint for Critical Technologies to ensure access to secure, reliable, and cost-effective technologies; promote Australia as a trusted partner in critical technology supply chains; protect IP; and support regional resilience. Morrison's critical technologies list contains 63 technologies, including critical minerals extraction and processing. Indian Prime Minister Narendra Modi also spoke at the event, positioning his country as an ethical and stable supplier of technology, and stating his aspirations for India to become a key manufacturer of semiconductors.

India

United States Trade Representative (USTR) Katherine Tai begins her two-day India visit on 22 November, the first after her appointment. She will hold discussions with officials on trade and economic ties between the two countries amid talks that an FTA could be in the offing.

Malaysia

The former ruling coalition National Front (Barisan Nasional, or BN) regained control of the state of Malacca in Saturday's local election, soundly defeating the opposition Alliance of Hope (PH). Although Malacca is the country's second smallest state by population, the result will still be viewed by BN as signaling the broader rebound of its electoral strength, which raises the probability that it will push for early elections next year.

Japan

Members of the main opposition Constitutional Democratic Party (CDP) will be voting to choose a new leader this week, with a second-round run-off possible in early December. Following the CDP's poor showing despite a liberal/left non-compete pact in last month's Lower House general election, the new leader will have a mountain to climb to challenge the ruling LDP/Komeito coalition in next summer's Upper House vote.

EUROPE

Bulgaria

, incumbent Rumen Radev achieved a convincing victory in the second round of presidential elections held on 21 November. With 99.8% of ballots counted, Radev received 66.7% of votes, coming ahead of his rival Anastas Gerdzhikov (independent) with 31.8%. Radev will begin his second term on 22 January. The incumbent was supported by the center-left Bulgarian Socialist Party (BSP), centrist newcomer We Continue the Change (PP) and populist There is Such People (ITN) parties, which together with Democratic Bulgaria (DB) are holding talks on forming a new coalition government following the snap parliamentary election held on 14 November. In the coming weeks, Radev will convene the newly elected parliament and appoint a prime minister-designate representing the largest parliamentary party (PP).

Romania

The two month-long political crisis is expected to end this week. The ruling center-right National Liberal Party (PNL) has agreed to form a "grand coalition" with the center-left Social Democratic Party (PSD) and the Democratic Alliance of Hungarians in Romania (UDMR), which will be led by acting Defense Minister Nicolae Ciuca (PNL). Parliament is expected to approve Ciuca's government in a vote of confidence on Thursday, 25 November. While the three-party coalition will have a solid majority in parliament, the outlook for structural reforms and continued fiscal consolidation is generally negative.

LATIN AMERICA

Brazil

The controversial constitutional amendment on judicial debts (PEC 23) that cleared the House of Representatives on 9 November will not be approved without significant changes in the Senate. There is a concerted effort in the higher chamber to ensure the funding necessary to cover *Auxilio Brasil*, a new cash transfer program that aims to almost double the current value disbursed per family by the existing *Bolsa Familia*. However, there is great resistance towards both raising the spending cap and delaying the payment of judicial debts – the two main objectives of PEC 23 as approved in the House. The week will also see developments in how to resolve an impasse caused in the Sunday primaries of the center-right PSDB (Party of the Brazilian Social Democracy) of former president Fernando Henrique Cardoso by a malfunction in the app used for voting.

Mexico

President Andres Manuel Lopez Obrador (AMLO) will be hoping for a bump in his approval ratings after what he will likely regard as a reasonably successful summit meeting last week with his counterparts Joe Biden and Justin Trudeau. AMLO got US recognition of the issue of firearms trafficking from the US into Mexico – long a Mexican bugbear – while any complaints about AMLO's electricity reform were kept to private discussions and not aired publicly. AMLO's robust stance towards China was also a surprise designed to win US approval. However, subsequent criticism of AMLO's plans for the electricity sector by a senior General Motors executive in Mexico point to the fact that the issue will remain a complication in Mexican-US bilateral relations.

MIDDLE EAST AND AFRICA

Ethiopia

The US is pushing for an immediate ceasefire, without preconditions, in the intensifying conflict in northern Ethiopia. Diplomatic efforts by the US and the African Union to avert a worsening civil war and possible state collapse have kicked into high gear over the past couple of weeks, amid growing risks of deepening famine, ethnic targeting, a rebel attack on the capital Addis Ababa and/or a targeting of the vital Ethiopia-Djibouti trade corridor have all increased.

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