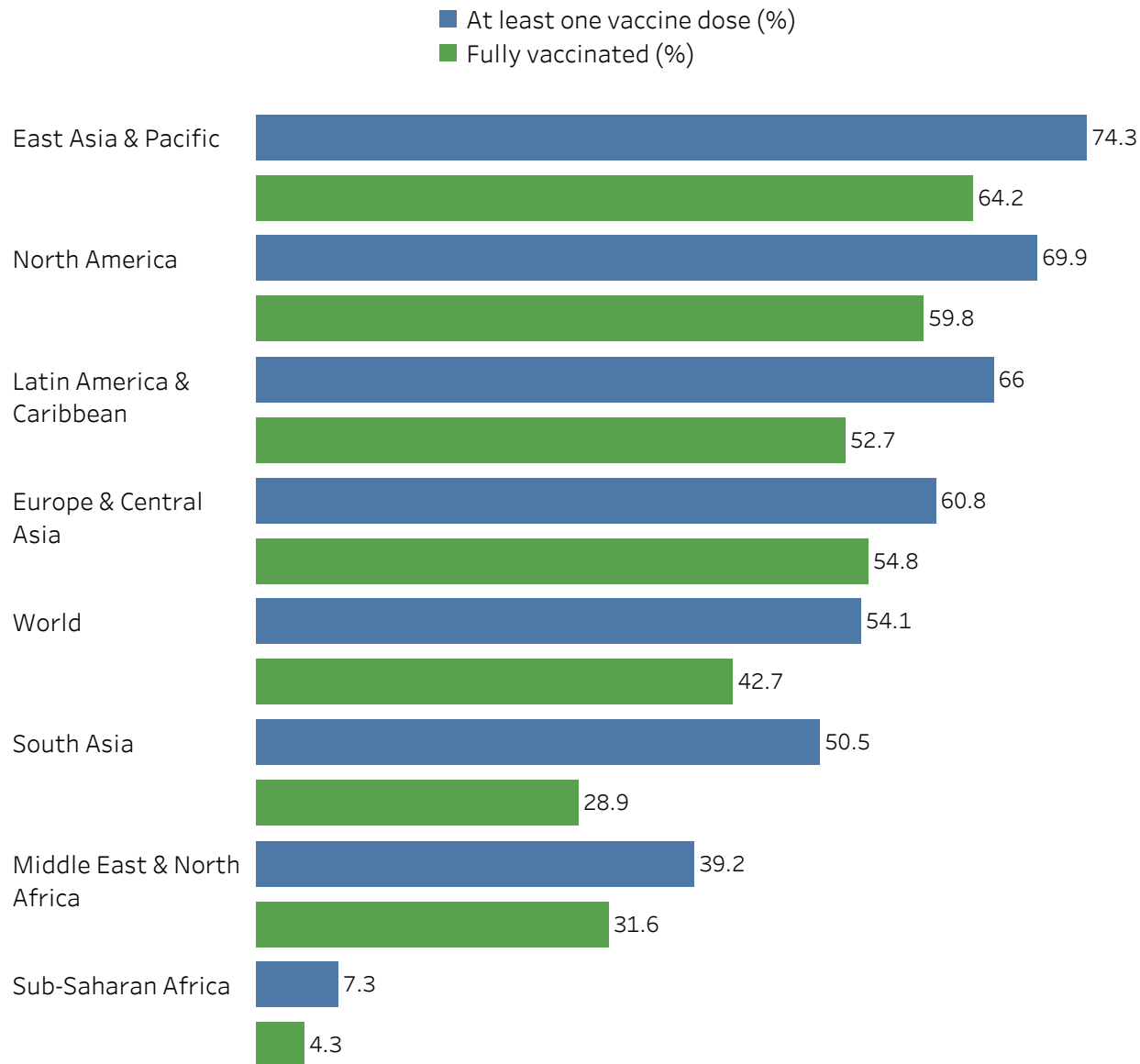


## WEEKLY POLITICAL COMPASS

**China** has told Didi Global that it must de-list from New York's stock exchange. Parties in **Germany** will take the next steps towards a new government. Meanwhile, **Japan** is reimposing strict border controls, the **EU's** top court is working towards a verdict on the rule of law in Poland and Hungary, and **Brazil's** president will affiliate himself with a pragmatically liberal party, and **South Africa** has called on countries ranging from the UK to Japan to reverse hastily imposed travel bans amid the new Omicron variant.

### CHART OF THE WEEK

## Vaccine coverage varies substantially across regions



Source: Schellekens (2021). Our World in Data. Last update on 27 November 2021

Omicron, the **new variant** first detected in the southern African region, has put many countries on high alert over the weekend. Cases of this new variant of concern have already been detected in many places, including Israel, the UK, Australia, France, Germany, Italy, or Portugal. Scientists are still uncertain about its transmissibility and vaccine resistance, but governments across the globe are acting fast in response to its emergence. The US, Canada, and the EU have imposed restrictions on travelers from several countries in southern Africa, including South Africa, Botswana and Mozambique, while Israel, Japan, and Morocco have closed their borders to all foreigners. In addition, some countries have announced stricter border controls and more rigorous testing moving forward. The emergence of a new variant of Covid-19 might serve as a reminder that access to vaccines is still unequally distributed across countries. While advanced economies are likely to expand their booster programs to all adults in the coming weeks, the least developed economies hope to receive more vaccine doses once India has restarted shipments of Covid-19 vaccines to the Covax initiative.

## WHAT TO WATCH

## China

**The Cyberspace Administration of China has told Didi Global that it must de-list from the New York Stock Exchange as a condition for the agency to conclude of the company, according to media reports.** Didi, which is likely to re-list in Hong Kong, hopes to relaunch its ride hailing app on the mainland before the end of this year once the cybersecurity review is complete.

## Germany

**This week will likely see further progress towards the new “traffic light” coalition.** Only the Greens will hold a membership ballot which will run until 6 December. Support from all three parties over the coming days will pave the way for Olaf Scholz to be elected as chancellor in the Bundestag next week. In the meantime, the next government is not ruling out new restrictions amid rising new infections, but there is still no sufficient support for a return to blanket lockdowns. The constitutional court’s (retroactive) verdict on the legality of previous lockdowns is expected for 30 November.

## **ON THE HORIZON**

### **ASIA PACIFIC**

#### Australia

**Defense Minister Peter Dutton and the opposition spokesperson for foreign affairs, Penny Wong, are at odds over the government’s forward leaning comments on Taiwan.** Last week, Dutton claimed that China viewed countries like Australia as “tributary states.” Australian politicians have worked to ensure Australia’s strained relationship with China does not become partisan political issues. But with elections due no later than May 2022, the Labor Party’s Wong has accused the government of “the most dangerous election tactic in Australian history” by talking up prospects of war over Taiwan.

#### Japan

**Japan will roll its border policy clock back a few weeks by temporarily reimposing from 30 November the strict controls on most foreign arrivals that had been in place since January.** Prime Minister Fumio Kishida has moved quickly to respond to the emerging Omicron variant, mindful that predecessor Yoshihide Suga’s downfall was strongly linked to perceived weak handling of the pandemic.

#### India

**Parliament begins its winter session from today, 29 November.** It will go on until 23 December. A bill to ban crypto currency and another to set up India’s first personal data protection law are scheduled to be discussed and passed.

### **EUROPE**

#### EU/Hungary/Poland

**On 2 December, the Advocate General of the European Court of Justice (CJEU) is expected to issue an opinion on the legality of the EU’s new conditionality regime for the protection of the union’s budget.** The regime – which was referred to the court by Hungary and Poland back in March – allows the European Council (acting by a qualified majority) to suspend payments from the bloc’s 2021-27 budget to member states in case rule of law breaches pose serious risks to “the sound financial management of the Union budget”. The opinion of Advocate General is often indicative of the court’s upcoming ruling, which is expected in the next few months. The European Commission remains unlikely to trigger the new conditionality mechanism at least until the CJEU issues its ruling.

## LATIN AMERICA

### Argentina

**Finance Minister Martin Guzman is finishing off a medium-term economic plan that should be unveiled within the next ten days.** The government has been suggesting that a deal with the IMF could be confirmed by 22 December when Argentina's next payment obligation of USD 1.9bn falls due. President Alberto Fernandez is interpreting CFK's latest public letter as an endorsement of his and Guzman's efforts to strike a deal with the Fund. CFK published a letter on 27 November in which she distances herself from any eventual IMF agreement by fixing all responsibility for negotiations on Fernandez. CFK also wants to use any IMF deal to attack the opposition, which should vote on any agreement in Congress.

### Brazil

**The affiliation of President Jair Bolsonaro, who has been without a party since November 2019, to the pragmatic "Big-Center" liberal party (PL) on Tuesday 30 will end a first round of significant electoral moves.** Over the weekend the center-right party of the Brazilian Social Democracy (PSDB) of former president Fernando Henrique Cardoso concluded its primaries and elected São Paulo Governor João Dória as 2022 presidential contender. Former anti-corruption Carwash operation hero and Bolsonaro Justice Minister, Judge Sérgio Moro, has in the meantime become the third most important contender in the polls since joining the centrist Podemos Party and announcing a prominent orthodox economist, Celso Pastore, as top advisor in mid-November.

## MIDDLE EAST AND AFRICA

### South Africa

**On Sunday evening, President Cyril Ramaphosa addressed the nation in response to the discovery of cases of the Omicron Covid-19 variant.** The government is reluctant to impose another economically disruptive lockdown beyond the current "Level 1" restrictions, as overall incidence is still low. Nevertheless, rapid increases in infections, particularly in Gauteng, mean the next wave could hit within weeks. For now, the government is using Omicron to urge people to get vaccinated and is considering vaccine mandates as uptake has slowed. Ramaphosa has called on countries ranging from the UK to Japan to "immediately and urgently" reverse hastily imposed travel bans and restrictions, saying they would do nothing to stop Omicron's spread but would damage already fragile regional economies.

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