

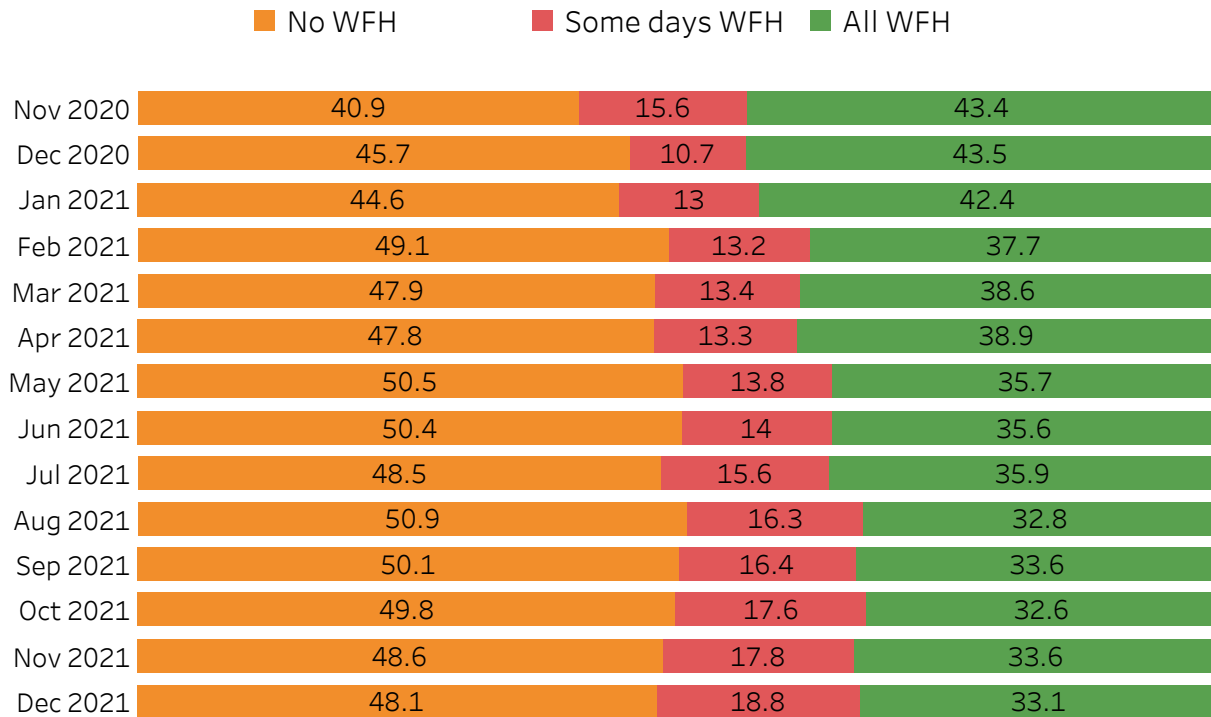
WEEKLY POLITICAL COMPASS

Nearly half of **China's** provinces have now reported omicron cases. **Ukraine's** former president faces charges of high treason. **Chile's** president-elect will unveil his new cabinet. Meanwhile, **Japan's** PM will meet online with the US president, voting will start for **Italy's** next president, public servants will protest in **Brazil**, and **Nigeria's** national assembly will return from recess.

CHART OF THE WEEK

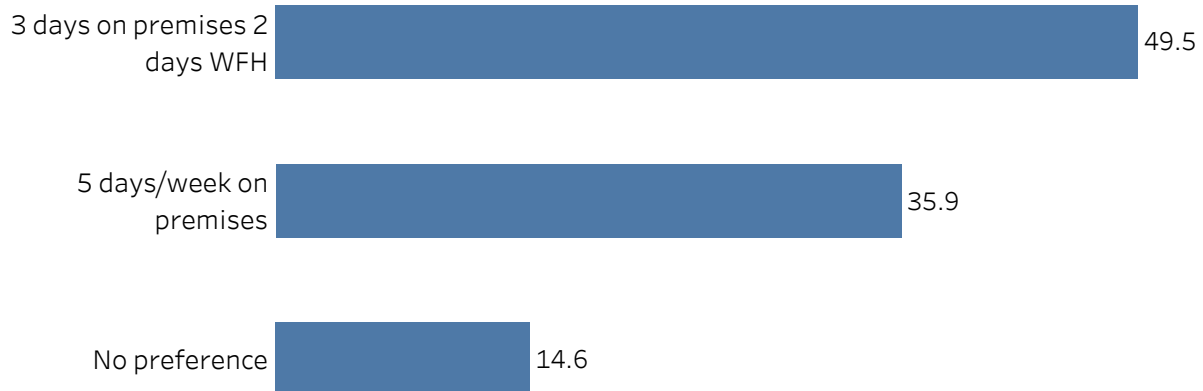
Hybrid work is expanding in this phase of the pandemic

Evolution of working arrangements during the pandemic (US survey data)



Hybrid work is employees' preferred option for the post-pandemic world

"Which working arrangement would you prefer after Covid is under control?" (US survey data from December 2021)



Source: Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731.

Note: The surveys only include respondents in the US

Almost two years into the pandemic, **change in working arrangements** appears to be here to stay. While full remote working became the norm for many highly educated professionals during the first half of the pandemic, employers are gradually turning to hybrid work arrangements. This trend is supported by survey-based evidence from the US. The data shows that while the share of those exclusively working from home has gone down over the past year, the number of people under hybrid work arrangements is rising. According to this survey, this is precisely US employees' preferred option for the post-pandemic world – almost 50% of US workers would prefer working three days on premises and 2 days from home. The changing landscape in how (and where) people work will have implications for companies and governments alike. Outsourcing and offshoring might increase in fully remote jobs, and low-skilled workers will be negatively affected if high-skilled professionals move out from the inner parts of cities. The fall in retail expenditure and the exodus of high-income residents in large urban areas could also worsen cities' public finances. Lastly, the rise of hybrid working poses significant challenges at the firm-level. Companies will need to accommodate the heterogeneous preferences of a highly diverse workforce.

WHAT TO WATCH

China

China's zero-Covid strategy is facing a , as nearly half of all provinces have now reported Omicron cases, either imported or domestically transmitted. Travel to and from Beijing is restricted, and ticket sales for the Winter Olympics are halted.

Ukraine

A court hearing to determine pre-trial restriction measures on former president Petro Poroshenko will continue tomorrow, 19 January. Poroshenko, who returned to Ukraine from abroad on 17 January, faces high-treason charges for allegedly facilitating coal shipments from the separatist-controlled territories in eastern Ukraine. The arrest of the top opposition politician would likely trigger large protests and strengthen concerns about the susceptibility of Ukraine's judicial institutions to political pressure. It would also hurt President Volodymyr Zelensky's political standing at home and abroad at a time when the country faces multiple threats from Russia.

Chile

President-elect Gabriel Boric is set to unveil his cabinet on 21 January ahead of his self-imposed deadline of 22 January. Boric's pick for Finance Minister will be the most keenly watched appointment as a signal of the pragmatic gradualism that he insists will underpin his administration. The Communist Party (PC)'s Camila Vallejo and the former head of the Colmed medical union, Izkia Siches, are almost certain to have influential roles in what the president-elect has promised will be a gender-balanced cabinet. The inclusion of independents and figures from outside Boric's own Broad Front (FA)-PC coalition, will also be important as an indication of his willingness to build majorities. Boric takes office on 11 March.

ON THE HORIZON

ASIA PACIFIC

India

On 22 January, the Election Commission (ECI) will decide whether it is going to allow public rallies and physical campaign meetings in five poll bound states where polling starts on 10 February. The ECI had banned all public meetings and in-person campaigning till 15 January, extending it to 22 January in view of the COVID-19 surge because of the Omicron variant.

Japan

Teneo

Prime Minister Fumio Kishida will hold an online summit with President Biden on 21 January. The meeting comes at a time when Japan and the United States are seeking to deepen cooperation on defense, economic security and strategic trade issues, in response to shared concerns about China.

Philippines

The election commission ruled in favor of Ferdinand Marcos Jr. In the most substantial election case filed against him. Although he faces other disqualification cases, the momentum is clearly now on his side, and he is the favorite to win the May 2022 presidential elections.

EUROPE

Germany

Right-winger Friedrich Merz will formally become leader of the Christian Democratic Union (CDU) which is now in opposition. This means a return to the man who was ousted as CDU Bundestag leader by Angela Merkel back in 2002, paving the way for her 16 years at the chancellery starting in 2005. While Merz knows that he must grow beyond his rightist image from the early 2000s, the future positioning of the German center-right represents a major uncertainty for the years to come.

Italy

Parliament and a group of regional delegates will convene on 24 January to start voting for the country's next president. Absent an unlikely last-minute "grand bargain," the first three rounds of voting will be inconclusive. Things will get serious from the fourth round on 27 January. Regardless of whether Mario Draghi will stay as prime minister or become president, it will be hard to reconcile differences within the ruling coalition after it has fallen out over the presidency.

LATIN AMERICA

Brazil

Public servants from more than 40 federal categories will protest today for wage increases in Brasilia. This comes a few days before President Jair Bolsonaro has to sanction the 2022 Budget Law where the government earmarked funds for supporting wage increases exclusively for the federal police and other security forces - an important constituency for the president. Several categories have had wages frozen since 2017. Economy Minister Paulo Guedes has gone public against any wage increases, but the president remains in favor.

MIDDLE EAST AND AFRICA

Nigeria

The National Assembly will be back from recess on 18 January. Key on the legislative body's agenda will be the deliberations over the Electoral Act Amendment Bill, which the president vetoed in December. Concerns persist over the bill's delayed approval. Amongst the critical issues the proposed legislation seeks to address is how political parties are expected to select candidates to represent them at the poll.

South Africa

The ANC's National Executive Committee (NEC) will meet on 20-23 January. The gathering will be scrutinized for signals regarding President Cyril Ramaphosa's re-election bid ahead of the party's elective conference in December. Tourism Minister Lindiwe Sisulu has launched an early challenge against Ramaphosa via a public tirade against constitutional democracy and "mentally colonized" judges – just as findings into state capture are being published. Although

Sisulu's chances of unseating Ramaphosa are slim, the extent of chaos and infighting within the ANC this year threaten the reform, governance and social stability outlook.

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