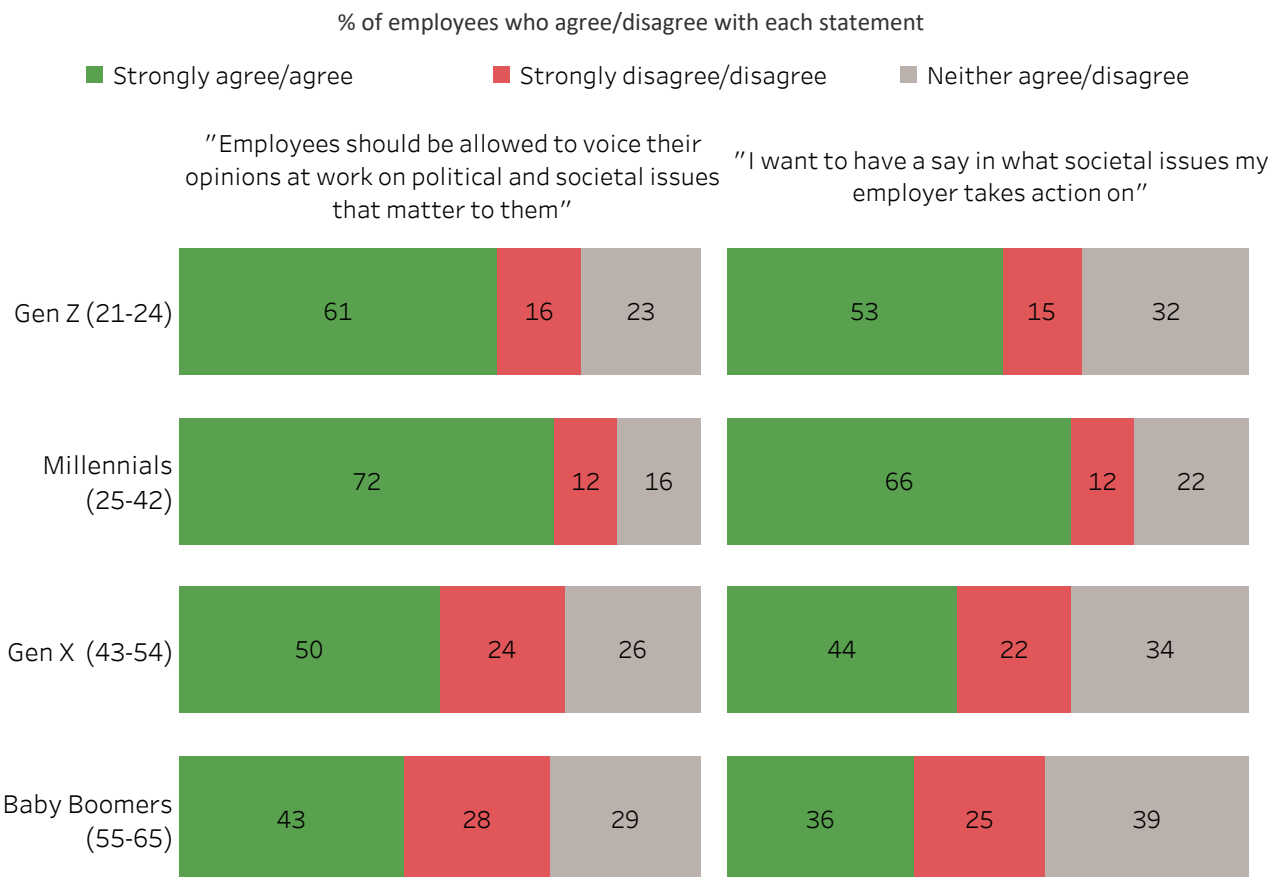


## WEEKLY POLITICAL COMPASS

A key signpost to watch is **Russia's** interpretation of the borders of the self-proclaimed Donbas republics. **South Africa's** finance minister will present his first annual budget. **Thailand** will change its electoral system. Meanwhile, **India** will resume regular international flights, the **UK** and the **EU** have made no tangible progress on Northern Ireland, **Brazil's** supreme electoral court will have a new president, and major parties in **Nigeria** are experiencing internal divisions.

### CHART OF THE WEEK

#### Younger generations of US employees increasingly demand that businesses take a stand on political issues



Source: Atlassian. 2391 American employees participated in the 2021 survey, with representation across demographics, region, and a cross section of employment industries

Increasingly **progressive knowledge economy workers** in large cities are pushing their employers to position themselves on very political issues – from civil liberties and democratic integrity to environmental and social issues. A recent US survey shows that younger generations, who will soon become the bulk of the US workforce, are much more demanding when

it comes to the “political” and “social” performance of the firm. 72% of Millennials believe that they should be allowed to voice their opinions on political and societal issues at work, while this opinion is less popular – even if still widely extended – among older cohorts. Similarly, 66% of Millennials want to be able to influence how businesses approach societal issues. These subtle, long-term societal changes have major implications for the type of demands that business leaders should expect from their current and future workforces.

## WHAT TO WATCH

### Russia/Ukraine

**Following Russia’s recognition of the self-proclaimed republics in Donbas as independent states, an important signpost to watch is Moscow’s interpretation of the borders of these entities.** Their territorial claims expand into areas of Donetsk and Luhansk that are still under Ukraine’s control. The Kremlin’s move will trigger limited Western sanctions for now, but with its ban on Nord Stream 2, Germany provides an indication of more severe restrictions which might be ahead in the future. Meanwhile, President Vladimir Putin’s focus on long-term geopolitics suggest that he might have a greater tolerance for short-term losses associated with significant military action.

### South Africa

**Minister of Finance Enoch Godongwana will present his first annual budget on 23 February.** The budget outlook has received a boost from higher-than-anticipated revenue. However, Godongwana’s budget will be scrutinized for growth-boosting reforms, while balancing debt vs. fast-rising spending pressures. Key items to watch will be projections, including growth and debt servicing; social grants, particularly the cost of the already-announced extension of the ZAR 350 Covid-19 grant; public-sector wages; and state-owned enterprises. The IMF recently highlighted the main risks as slow implementation of structural reforms, tightening global liquidity, and electricity generation and debt problems at utility Eskom.

### Thailand

**Parliament will table two bills this week that reinstate the two-ballot system for future elections.** This system where voters cast ballots separately for their constituency MP and party-list choices had favored the For Thais party of former prime minister Thaksin Shinawatra in previous elections, which is why it was removed in the 2019 elections. But it now disfavors smaller parties such as Move Forward, which has been the most vocal anti-government party, and helps the prime minister’s own party PPRP. Once the bills pass, focus will again turn to the possibility of early elections.

## ON THE HORIZON

### ASIA PACIFIC

#### India

**Regular international flights will resume from 15 March after being suspended for nearly two years.** The move is expected to bring much needed relief to the aviation, hospitality and tourism sectors and inject an element of confidence in the government’s capacity to control the spread of the COVID-19 infection.

### EUROPE

#### UK/EU

**At their 21 February joint committee meeting, the EU and the UK did not make tangible progress towards resolving the Northern Ireland issue.** There had been hopes that new UK proposals for Irish Sea customs checks could lead to a resolution before the 5 May regional elections. Despite pressure from the Unionist DUP, however, the UK government can

probably live rather well with a situation in which ongoing talks continue to delay the imposition of new customs checks for the time being.

## LATIN AMERICA

### Argentina

**The government has been saying that it will submit a bill authorizing its debt refinancing agreement with the International Monetary Fund (IMF) to Congress as soon as this week – once details of the outline deal are finalized.** Vice-President Cristina Fernandez (CFK), who presides over the Senate, has pushed for the bill to go to the lower house first as she attempts to distance herself from the agreement. Her son, Maximo Kirchner, has already stepped down as leader of the governing Front for All (FdT)'s lower house bloc; he could take around 30 votes into an abstention. However, the government will look to present the bill in such a way as to limit FdT legislators' exposure to political blowback. Additionally, a majority of the opposition Together for Change (JxC) coalition should end up backing the agreement.

### Brazil

**Supreme Court Judge Edson Fachin will take office as the new president of the Supreme Electoral Court (TSE) on 22 February.** Fachin, who is known for being a hardliner on matters relating to the anti-corruption Carwash operation, is expected to follow his predecessor, Luís Roberto Barroso, in defending the security and impartiality of the electronic voting machines and "facing cybernetic attacks and autocratic threats". He will be replaced on 17 August by Alexandre de Moraes, who ordered President Jair Bolsonaro on 28 January to testify in person about his participation in leaking confidential documents in an investigation on electronic ballots. In Congress, House-originated draft bills on fuel taxation may be voted on 23 February in the Senate.

## MIDDLE EAST AND AFRICA

### Ethiopia

**On 20 February, Prime Minister Abiy Ahmed officially inaugurated the Grand Ethiopian Renaissance Dam (GERD).** Over time, the USD 4.2bn hydro dam is expected to produce 5,000 MW of electricity. Although Abiy sought to reassure Sudan and Egypt that the start of operations would not cause downstream water shortages, the inauguration is viewed as an immediate provocation. Egypt's foreign ministry immediately accused Ethiopia of "persisting in its violations" of a preliminary 2015 deal between the three nations, though annual filling exercises are probably of even greater concern.

### Nigeria

**The governing All Progressive Congress (APC) party and opposition People's Democratic Party (PDP) will, this week, be grappling with the fallout of recent divisions within their respective ranks.** The last-minute decision by the APC to postpone its scheduled 26 February party convention to a yet-to-be-decided date raises questions about its preparedness ahead of next year's February 2023 general elections. Suggestions that the postponement was due to unresolved infighting in some state chapters of the party point to factionalism within the party that may hurt its performance in next year's polls. Meanwhile, the PDP too, appears to be grappling with divisions within its ranks on whether it should abandon its established rules on power sharing between north and south of the country. If the rules were to be maintained, then the party would be expected to pick a southerner as its presidential flagbearer for the 2023 elections, but the absence of a strong contender from this region would mean that the party's electoral chances would be significantly curtailed.

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