

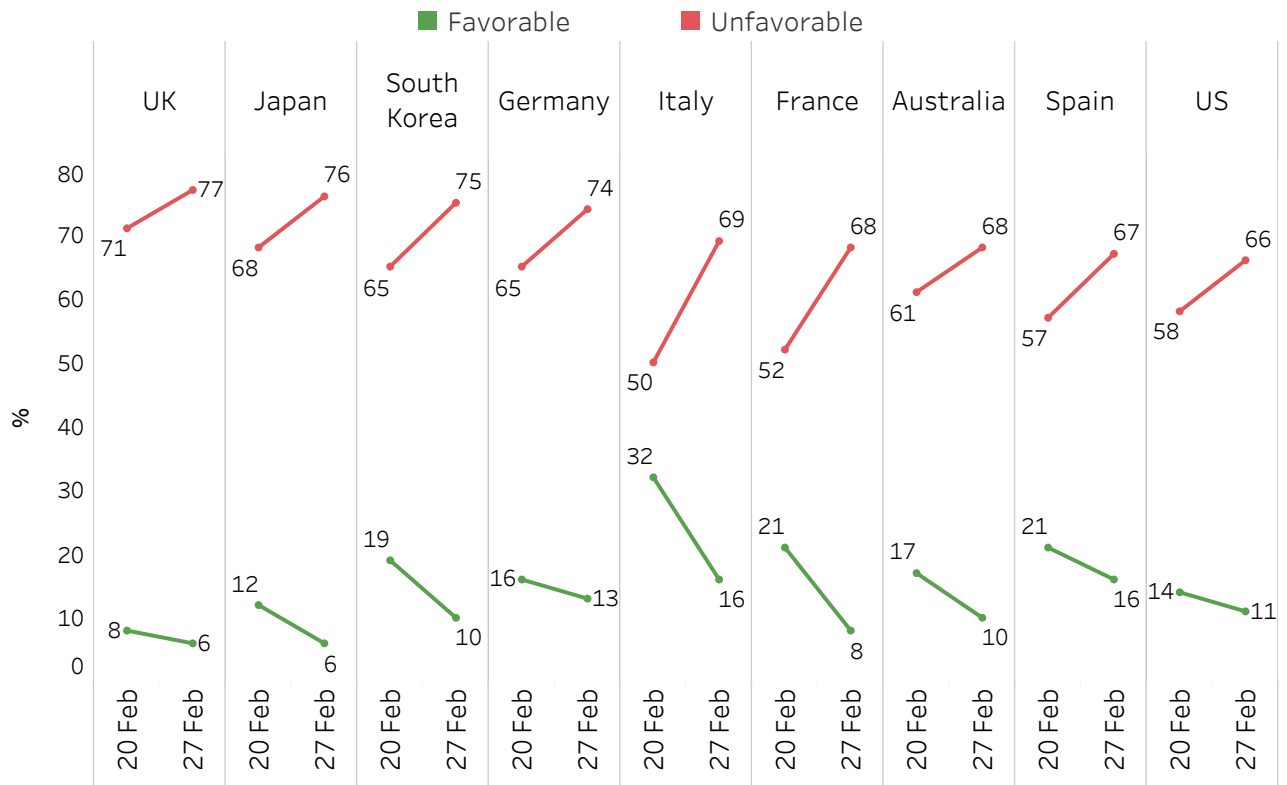
WEEKLY POLITICAL COMPASS

Russian forces are preparing for more intense offensive operations in **Ukraine**. **China** is setting itself a slightly lower-than-expected growth target. **South Koreans** are heading to the polls. Meanwhile, a special congress session on rising fuel prices may be held in the **Philippines**, **Hungary's** parliament is electing a new president, and **Venezuela** is pushing for US sanctions relief.

CHART OF THE WEEK

Public opinion in democracies is turning against Russia even more strongly following the Ukraine invasion

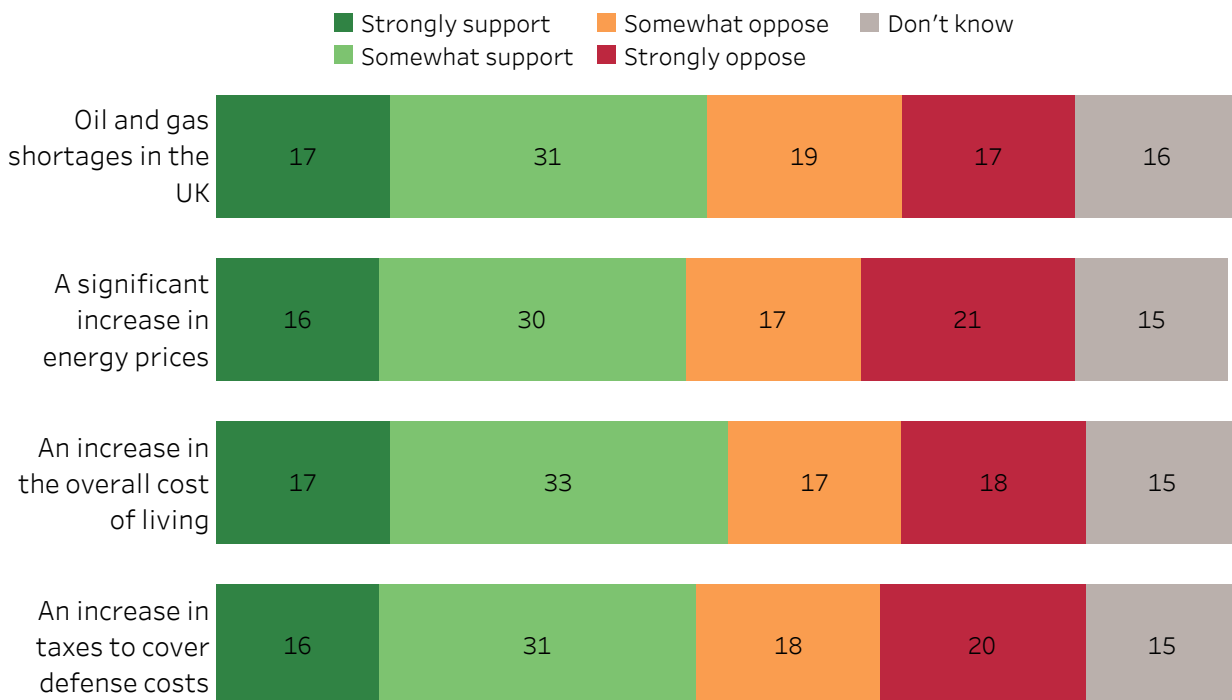
Respondents were asked if they had a favorable or unfavorable view of Russia



Source: Morning Consult

In the UK public support for further sanctions against Russia is conditional on domestic concerns

"Would you support or oppose increased sanctions against Russia if it meant..." (1 March 2022)



Source: YouGov. Sample size: 1690 adults in Great Britain. Fieldwork: 28th February - 1st March 2022

Public opinion is shifting against Russia in most developed economies following the Ukraine invasion. This is true even in countries such as Italy and France, where people had a slightly more favorable view of Russia before the invasion. Against this backdrop, sanctions against Russia have so far been supported by a majority of mainstream center-left and center-right party elites and electorates across Western countries. However, further sanctions against Russia, which might soon also target oil exports, will have major domestic economic implications in European economies. The politicization of sanctions might, therefore, increase across European countries in the coming days. In the UK, for instance, surveys suggest that the public is divided on whether further sanctions hurting European economies should be introduced. Meanwhile, in light of the looming impact of the sanctions regime also on Western economies, EU countries have started to discuss the reintroduction of exemptions on state aid and fiscal policy rules.

WHAT TO WATCH

Russia/Ukraine

Russian forces are regrouping and preparing for more intense and sustained offensive operations to encircle and take control of the country's key cities such as Kyiv, Kharkiv, Mariupol and Mykolayiv. In case of slow progress, Russian forces could resort to increasingly heavy weaponry and indiscriminate attacks on residential areas or even Ukraine's nuclear facilities. On the diplomatic front, the Ukrainian and Russian delegations are planning a third round of negotiations later today, 7 March. In addition, the Russian and Ukrainian foreign ministers are set to meet in Turkey on the sidelines of Antalya Diplomacy Forum on 10 March. However, a breakthrough is unlikely as neither side is showing any willingness to make major concessions. As the resolution of the conflict by military or diplomatic means appears unlikely in the near term, it is important to watch the level of opposition to war within Russian society as well as President Vladimir Putin's inner circle, particularly as Western sanctions start taking their toll.

China

Premier Li Keqiang announced at the opening of China's annual parliament session on 5 March that the government will target annual GDP growth of "around 5.5%" for 2022. This target is down from 8.1% growth in 2021 but well ahead of the economy's 4% year-on-year pace in the fourth quarter. Analysts had expected a slightly higher target of 5%, suggesting that policymakers will need to [accelerate stimulus policies](#), including loosening controls on the housing sector.

South Korea

The country will go to the polls on 9 March to choose the successor to President Moon Jae-in. The two leading candidates have been neck-and-neck for most of the race but conservative opposition People power Party (PPP) nominee Yoon Seok-youl has emerged as the favorite after securing the backing of third-polling centrist candidate Ahn Cheol-soo late last week. Lee Jae-myung of the ruling liberal Democratic Party (DP) is focusing his closing attacks on Yoon's political inexperience and will hope to pick up votes from Ahn supporters who oppose Yoon's anti-feminism stance including plans to abolish the gender equality ministry.

ON THE HORIZON

ASIA PACIFIC

India

Results for elections to six state assemblies (Uttar Pradesh, Uttarakhand, Goa, Manipur and Punjab) will be out on 10 March. Except Punjab, all states are ruled by the Bharatiya Janata Party (BJP). The most eagerly awaited result is Uttar Pradesh, India's most populous state, as the results will illustrate the mood ahead of the 2024 general election.

Malaysia

Johor will hold state elections 12 March, Saturday. A big win by the United Malays National Organization (UMNO) would substantially increase speculation of early elections this year, possibly sooner than later. Also to watch is the performance of Pejuang, the party formed by Mahathir Mohamad after he lost the prime ministership in 2020; it will be his party's first state elections and could signal how much of his political clout remains.

Philippines

President Rodrigo Duterte may call congress, which is on break until late May, to a special session to discuss how the country should address rising fuel prices. Among the larger Southeast Asian emerging market countries, only the Philippines does not subsidize prices at the pump, and legislators are apprehensive that substantial fuel price hikes could drive discontent just as the country is entering the peak of its election season. Legislators are contemplating suspending the excise tax on fuel, as well as providing subsidies and cash assistance for lower-income transport operators, farmers and fisherfolk. The most radical policy shift would be returning an oil subsidy fund that was abandoned in the 1990s, but this would likely be a decision more for the next administration.

Turkmenistan

President Gurbanguly Berdimukhammedov's son Serdar will likely be elected as the country's new president in the snap presidential vote scheduled for 12 March. Gurbanguly Berdimukhammedov is set to remain in control of the armed forces and the national security council. While the opposition is weak, it is possible that the transfer of power could lead to some form of social unrest, particularly as staple foods and energy commodities remain in short supply.

EUROPE

Hungary

Parliament is expected to elect Katalin Novak – a senior member of the ruling Fidesz party and former Minister for Family Affairs – as the country's new president on 10 March. Novak is set to replace Janos Ader, who is not eligible for re-election after serving two five-year terms. The main opposition candidate – well-known economist Peter Rona – has virtually no chance of being elected as the ruling Fidesz and its allies control two-thirds of mandates in parliament. Presidential powers in Hungary are largely symbolic.

LATIN AMERICA

Brazil

The Senate should start deliberations on two draft bills aimed at lowering fuel prices on 9 March. The government has opposed both draft bill 1472/2021 and complementary law bill 11/2020 for their broad scope, covering all fuels and creating a stabilization account based on oil royalty receipts. The change in position by the government reflects concern with the soaring of international oil prices. Meanwhile, President Jair Bolsonaro is pushing for the approval of mining in indigenous lands claiming that it is needed to increase the in-country production of fertilizers.

Venezuela

A meeting between President Nicolas Maduro and a US government delegation took place on 5 March. Maduro continues to press for sanctions relief while the US explores options for mitigating disruption to global oil supplies following Russia's invasion of Ukraine. The meeting does not appear to have produced anything concrete, though both sides are reported to have agreed to meet again. The obstacles to any deal remain significant. Ahead of the November mid-terms, the US administration will face domestic opposition to any rapprochement. Maduro's demands are likely to be exacting (the return of the CITGO refining and distribution network to his control being one of them). Nor is it clear how much the battered

oil sector can realistically contribute to global supplies in the short-term. The US will want to see the resumption of regime-opposition talks, to which Russia is a guarantor.

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Macro Research
+44 20 7186 8894
Macro@teneo.com

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