

WEEKLY POLITICAL COMPASS

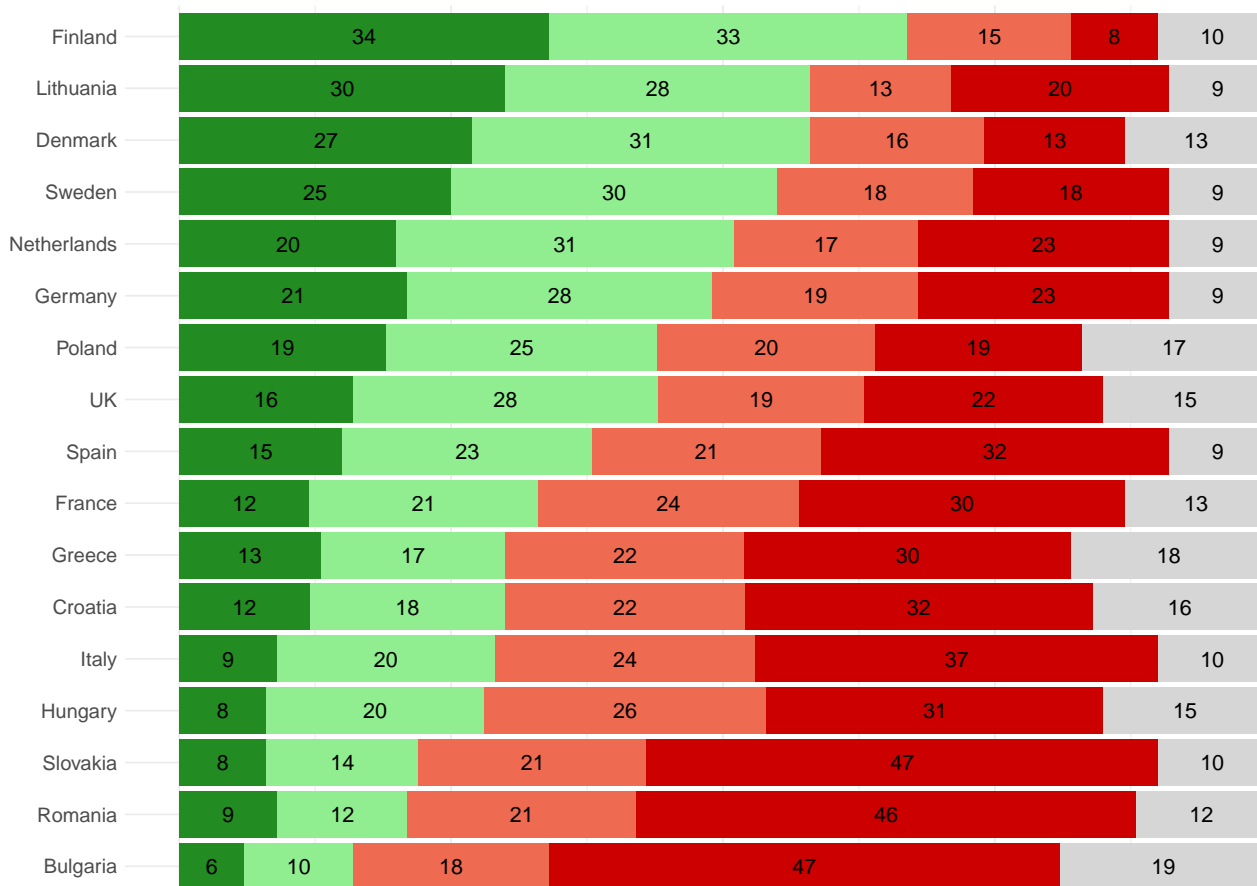
Russia's president did not make any major announcements during his Victory Day speech. **South Korea** will have a new president. Ferdinand Marcos Jr. has likely won the **Philippines** presidency. **Sri Lanka's** prime minister has offered to resign. Meanwhile, John Lee has been endorsed to become **Hong Kong's** new chief executive, elections will be held in **Germany's** largest regional state, **Brazil's** president keeps attacking the electronic ballot system, and **Nigeria's** president may decide to oust the central bank head.

CHART OF THE WEEK

Large majorities in EU countries reject higher energy costs due to sanctions against Russia

Survey question: "Your country accepting higher energy costs due to the sanctions imposed on Russia"

■ Strongly support
 ■ Tend to support
 ■ Tend to oppose
 ■ Strongly oppose
 ■ DK



%

Source: YouGov/European University Institute (SOU and Solidarity 2022).
Fieldwork dates: 1st – 25th April 2022.

An increasing share of EU citizens are unwilling to accept the **spike in energy costs** caused by sanctions against Russia. While in Scandinavia and Lithuania people are more willing to accept the domestic economic consequences of sanctions, in some Central and Eastern European countries, as well as in Italy and Greece, a large majority of the population strongly rejects the damaging economic implications. These differences, mainly explained by the different levels of dependence on Russian oil and gas, have delayed the approval of the sixth package of EU sanctions. Hungary, for instance, will not support the new round of sanctions, which include an oil embargo, unless it is granted a longer transition away from Russian oil. Against the backdrop of a prolonged war, the EU's unity on Russia is likely to face major internal challenges.

WHAT TO WATCH

Russia

President Vladimir Putin did not make any major announcements in his speech during Victory Day celebrations in Moscow earlier today, 9 May. However, the [previously outlined options](#) remain a possibility for the future. In his brief address, Putin sought to justify the special military operation as a preemptive move against the “absolutely unacceptable threat” posed to Russia by NATO. Putin’s also claimed that the Donbas militia and the Russian army were fighting on their “own land”, where previous Russian military leaders had fought in the past. This suggests that Putin is unlikely to discontinue the war at least until Russian forces take full control of Donbas. Given the slow progress on the ground and considerable manpower shortages, some form of mobilization in Russia could still be expected in the near future. Meanwhile, potential applications by Finland and Sweden to join NATO in the coming weeks could further raise tensions between Moscow and NATO.

South Korea

Conservative political outsider Yoon Suk-yeol will be inaugurated on 10 May for a single five-year term as president, replacing liberal Moon Jae-in. Yoon’s inaugural speech is set to focus on economic revitalization and a more activist foreign policy. Lacking a majority in the National Assembly, he will hope to gain momentum for his business-friendly economic agenda through a successful summit with President Biden on 21 May and a strong showing in upcoming local elections. Yoon’s tougher attitude towards North Korea could provoke some short-term blowback from Pyongyang such as further ICBM missile launches or a small-scale nuclear test.

Philippines

Preliminary election results that will be available early on 10 May will likely indicate that Ferdinand Marcos Jr. has won the presidency and Sara Duterte the vice presidency. To be watched closely this week are the personnel choices of Marcos, particularly the members of his economic team. The longer he delays, the more this will create uncertainty regarding his policies and the competence of his potential cabinet choices.

Sri Lanka

The country was plunged deeper into political crisis as Prime Minister Mahinda Rajapaksa offered to resign to make way for an all-party government. Mobs had gone on a rampage in Colombo and nearby areas. The PM’s brother, President Gotabaya Rajapaksa, has already declared an emergency after shortages of food, medicine, petrol, and power outages brought people out on the streets. If the PM steps down, it will leave the field free for the president to invite a government of national unity to fill the breach.

ON THE HORIZON

ASIA PACIFIC

Hong Kong/China

An election committee stacked with pro-Beijing loyalists formally endorsed John Lee to become Hong Kong's new chief executive. Lee's [law-and-order background](#) shows that mainland leaders still consider national security the top priority for Hong Kong, but Google said it had removed Lee's official campaign account from YouTube to comply with US sanctions.

EUROPE

Germany

Voters will go to the polls in Germany's largest regional state, North Rhine-Westphalia (NRW), on 15 May. Chancellor Olaf Scholz's Social Democrats (SPD) and the regionally incumbent Christian Democrats (CDU) are in a dead heat race, but coalition options will be decisive for government formation. The first two regional elections of the year – an SPD victory in March and yesterday's CDU landslide – point to a political party system in flux. However, as the two traditional main parties are polling neck and neck for the "mini Bundestag election" in NRW, the immediate fallout will remain limited. Opinion polls suggest that energy prices and inflation are important concerns for voters, but sanctions and the war in Ukraine remain side topics in the regional campaigns.

LATIN AMERICA

Argentina

The monthly inflation rate for April will be published on 12 May. The rate is widely seen as unlikely to drop below 5.5%, an improvement on the 6.7% rate for March but still uncomfortably high. The accumulated inflation rate in 28 months of Alberto Fernandez's presidency stands at 153.1%. Inflationary pressures have contributed to the increasingly open and acrimonious confrontation within the governing coalition. In parallel, and to complicate matters, this week the government is holding a series of public hearings prior to reducing utility tariff subsidies. Meanwhile left-wing direct action groups (*piqueteros*) will be staging major demonstrations to press the government for more social spending and new jobs programs; the events will culminate in a major rally in Buenos Aires on 12 May.

Brazil

President Jair Bolsonaro revives attacks against the electronic ballot system instead of focusing on economic issues in his pre-campaign. The issue has been gaining traction despite the rejection of a constitutional amendment to reinstate paper balloting by the House of Representatives in August 2021. Last week Defense Minister Paulo Sérgio Nogueira requested that the electoral court (TSE) publish questions it received from the Armed Forces about the October elections - which was not opposed by the TSE's president, Supreme Court (STF) Judge Edson Fachin. The intensification of issues that find strong support in the president's die-hard far right electorate is seen as a means to elude addressing economic issues such as high inflation and unemployment. This comes before any solution has been found to the controversial presidential pardon granted on 21 April for a legislator ally, overturning a 10-1 ruling by STF, who was condemned for threatening the court and the country's democratic order.

MIDDLE EAST AND AFRICA

South Africa

The outcome of the ANC's Eastern Cape provincial conference will be scrutinized for clues regarding President Cyril Ramaphosa's re-election chances. The conference began over the weekend, but voting was delayed by disputes. An endorsement from the Eastern Cape structure would be an important signal regarding Ramaphosa's chances of securing re-election as party president at the ANC's national conference in December. Although Ramaphosa remains the candidate to beat, internal divisions and disputes, coupled with the prospect that the ANC may lose its outright parliamentary majority in 2024, will dampen the outlook for a badly needed reform government.

Nigeria

The fallout of 6 May reports stating that Central Bank of Nigeria (CBN) Governor, Godwin Emefiele, has joined the presidential race under the umbrella of the ruling All Progress Congress (APC) party will dominate headline this week. The news was met with widespread domestic outrage with many calling on the CBN head to resign immediately, prompting Emefiele to backtrack. He has since stated that the declaration was made by his 'supporters' and that he remains undecided. However, latest reports suggesting that he has gone to seek legal advice on whether his decision to run will mean that he must resign suggests that the CBN governor may have stuck his neck out too soon before understanding the full ramifications of his action. The move may make him vulnerable to an ouster as President Muhammadu Buhari may decide to remove him from office as a way to placate the public.

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