

# MNI POLITICAL RISK ANALYSIS – Week Ahead

## August 3-9

by Tom Lake

All timings subject to change. The Political Risk Week Ahead may be truncated over the coming weeks as the measures taken to combat the spread of COVID-19 sees political summits, meetings, and elections cancelled or postponed. All relevant and timely political events and public holidays will still be included.

*Monday 3 August:*

- **United States:** Talks over a new COVID-19 stimulus package set to continue between House Speaker and Treasury Secretary Steve Mnuchin following what were described as productive but inconclusive meetings on August 1. Both Pelosi and Mnuchin acknowledged that full bipartisan support for a package is unlikely, but at present it seems unclear where the compromises are going to emerge. The extension of enhanced federal unemployment benefits, which expired on July 31, remain the primary sticking point. Talks involving Pelosi and Mnuchin, as well as Democrat and Republican leaderships from both the House and Senate, will continue throughout the week.
- **US-UK:** UK Trade Minister Liz Truss visits Washington, D.C. for talks with US Trade Representative Robert Lighthizer as the two sides enter the second week of the third negotiating round. Truss is set to express UK frustration with what the government sees as 'punitive' tariffs being imposed on UK goods entering the US. This will be the first face-to-face meeting between top UK and US trade officials since negotiations began. Talks to continue into August 4.
- **Poland:** Supreme Court hold sitting relating to the July presidential election, won by incumbent conservative Andrzej Duda by a margin of 51%-49% over centre-right challenger Rafal Trzaskowski. Trzaskowski and the Civic Coalition opposition have lodged a complaint arguing the election did "not meet democratic standards."
- **Canada:** Public holiday for Ontario, British Columbia, Saskatchewan, Nova Scotia, New Brunswick, Newfoundland and Labrador, Northern Territories, Nunavut.
- **Ireland:** August bank holiday.
- **UK (Scotland):** Summer bank holiday.

*Tuesday 4 August:*

- **United States:** Congressional and gubernatorial primary elections in the states of Arizona, Kansas, Michigan, Missouri, and Washington. Significant focus on the Republican Senate primary in Kansas, where hardline conservative Kris Kobach faces off against US Representative Roger Marshall. In Missouri, Democratic Congressman Lacy Clay faces an insurgent leftist challenge, while in Michigan Rep. Rashida Tlaib, a member of the so-called 'squad' of leftist women Representatives in the House, faces Detroit City Council President Brenda Jones who finished second to Tlaib in the 2018 primary and who has gained the support of all 4 other candidates who ran in that primary election.

- **Argentina:** Deadline for the agreement of the restructuring of USD65bn of Argentinean debt. The government remains at odds with its creditors over a plan, with reports stating the two sides negotiation positions differ by just 3 cents on the dollar on a net present value basis.

*Wednesday 5 August:*

- **Sri Lanka:** Parliamentary elections set to take place (originally scheduled for April 25), with the party of President Gotabaya Rajapaksa's brother, former President Mahinda Rajapaksa, seen as likely to win a majority in Parliament. Mahinda Rajapaksa has been caretaker prime minister since November 2019. Should Mahinda's SLPP and its allies win a two-thirds majority in Parliament it would enable the government to make sweeping changes to Sri Lanka's constitution, something President Gotabaya Rajapaksa has advocated, calling for greater presidential powers to deal with the economic impact of COVID-19.

*Thursday 6 August:*

- **United States:** Congressional and judicial primaries in the state of Tennessee. Intense contest in the Republican primary for Tennessee's US Senate seat following the retirement of Lamar Alexander at this election. President Trump's preferred nominee Bill Hagerty facing a staunch challenge from populist newcomer Dr Manny Sethi, who has secured the support of Texas Senator Ted Cruz and Kentucky Senator Rand Paul.

*Friday 7 August:*

- **United States:** Senate concludes sitting for August recess. Not due to return until September 8.

*Saturday 8 August:*

- **United States:** Second self-imposed deadline for presumptive Democratic presidential nominee Joe Biden to announce his running mate for the November election. There is wide expectation that this deadline will not be met, with an announcement closer to the virtual Democratic National Convention starting on August 17 seen as increasingly likely. Junior US Senator from California Kamala Harris remains the frontrunner for the vice-presidential pick according to betting markets.
- **Belgium:** August 8 marks the deadline set by King Philippe for the leaders of Belgium's two largest parties to talk about potential formulations of a future government. The country has not had a fully-functioning government since December 2018, with incumbent PM Sophie Wilmes only in place as part of a caretaker administration. Flemish nationalist N-VA leader Bart De Wever and Walloon French-speaking Socialist Party leader Paul Magnette have failed to make significant progress, with neither able to reach terms with centrist liberal parties that are crucial for forming a majority government.

*Sunday 9 August:*

- **Belarus:** Presidential election to take place. Incumbent Alexander Lukashenko, who has served as Belarus' president since the office was established in 1994 is running for a sixth term in office. No previous elections in the country have been seen as free or fair by Western observers. This election is seen as having the potential to be the closest on record, with the opposition leader most likely to oust Lukashenko, Svetlana Tikhanovskaya, drawing large crowds to a series of rallies. The election comes at a time of poor relations between Minsk and Moscow, which historically has been the primary international ally of the Lukashenko government.

### Rolling Risks

- **Global:** The spread of the 2019-nCoV, commonly known as 'Coronavirus' or COVID-19 is the main story gaining political attention around the world at present. Starting in the Chinese city of Wuhan, the disease has reached 213 countries or territories, with 18,093,891 cases causing 689,625 deaths confirmed according to the Center for Systems Science and Engineering at John Hopkins University. Travel bans and movement lockdowns were in place in most countries, with many unwinding these measures as the peak of the virus passes. The pace of the unwinding of these measures differs significantly country-to-country depending on how effective each has been in suppressing the spread of the virus, with some notable centres of outbreak such as the US, Brazil, and India.
- **Global Protest/Political Violence:** Widespread civil unrest broke out in the United States in the first week of June following the death of African-American George Floyd in police custody in Minneapolis, MN in late May. More than 75 cities saw protests against police brutality, with curfews brought in in 40 cities after widespread rioting and looting. Protest movements spread to a number of other Western nations, including the UK and France. The protests and civil unrest have widened into a more general movement seeking to change what protesters say is a racist and unequal society in many Western states. This has spurred a reassessment of monuments in many Western cities, with opponents saying they glorify racist individuals, while defenders argue a nation's history should not be erased due to an individual's views or actions at another point in time. In Hong Kong, there is an increased risk of mass protests and an escalation in street violence in the wake of Beijing's imposition of a new national security law, which opponents say violates the 'one country, two systems' political environment enshrined in the Sino-British Joint Declaration.
- **India-China:** Tensions between the world's two most populous nations reached their highest level in decades on June 15 when a skirmish in the disputed Galwan Valley, a remote Himalayan area along the Line of Actual Control (LAC), left 20 Indian and an unconfirmed number of Chinese troops dead. No guns are permitted by either side along the LAC, meaning the skirmish involved brutal hand-to-hand combat. Both sides have blamed the other for the escalation, the first deaths along the border in over 40 years. The LAC between the two sides is not officially demarcated, making the establishment of control difficult. Both sides have sought to de-escalate the

situation in recent weeks, but there remains the prospect of more frequent skirmishes in the region with neither side willing to back down.

- Trade War:** The spread of COVID-19 has seen a number of governments around the world issue strong criticism of the Chinese government for its perceived inaction in effectively containing the initial outbreak of the virus. This in turn could see trade relations worsen substantially if any tariffs or sanctions are imposed on China as a punishment. The state of relations between China and many western economies has deteriorated further following Beijing's decision to implement a new national security law on Hong Kong. Critics have argued the new law threatens Hong Kong's 'one country, two systems' political environment.
- United States:** The Democratic primary race is over as a contest with former Vice President Joe Biden having on June 6 crossed the official delegate threshold required to win on the first ballot at the Democratic National Convention. Biden's win follows a surge on Super Tuesday that propelled him into first place. Left-wing Senator Bernie Sanders saw his chances of winning the nomination crash following a worse-than-expected performance, resulting in his withdrawal from the race on April 8. The withdrawal of centrists Pete Buttigieg and Amy Klobuchar on the eve of Super Tuesday and their immediate endorsement of Biden, combined with fellow leftist Elizabeth Warren remaining in the race (subsequently withdrawn) and splitting the progressive vote, dealt the Sanders campaign a body blow. The contest has been severely disrupted by the COVID-19 outbreak, with multiple primaries postponed, and the Democratic National Convention in Milwaukee, WI, rearranged for 17-20 August, from 13-16 July previously. The delegate count at present is as follows (1,991 pledged delegates required to win on first ballot at convention):

Name	Delegates	States Won
Joe Biden	2,627	AK, AL, AR, AZ, DE, FL, GA, GU, HI, ID, IL, IN, KS, KY, LA, MA, MD, ME, MI, MN, MO, MT, NC, NE, NJ, NM, NY, OH, OK, OR, PA, PR, RI, SC, SD, TN, TX, VA, VI, WA, WI, WV, WY
Bernie Sanders	1,073	CA, CO, MP, ND, NH, NV, UT, VT, Dems Abroad, MP
Elizabeth Warren	63	
Mike Bloomberg	59	American Samoa
Pete Buttigieg	21	IA
Amy Klobuchar	7	
Tulsi Gabbard	2	

- Middle East:** In Syria, the last major enclave of anti-Assad rebels is continuing to hold out against Syrian government troops (backed by Russia) and Turkish forces who are vying for control in the Idlib region. Around half a million people are believed to have been driven from their homes by the intensification in warfare in the region. The violence in Idlib has driven a wedge between Ankara (anti-Assad) and Moscow (pro-Assad), which previously had sought to form a closer strategic partnership. A



meeting on 5 March between Putin and Erdogan secured a ceasefire in the region, but it remains to be seen how long this can be maintained.