

# MNI POLITICAL RISK ANALYSIS – Week Ahead Feb 8-14

by Tom Lake

All timings subject to change.

*Monday 8 February:*

- **United States:** Congressional Democrats set to present legislation as part of President Biden's USD1.9trn COVID-19 relief package. Various committees in both the House and Senate due to begin crafting various bills that will form the package, with the headline piece of legislation on Monday set to come from the House Ways and Means Committee, which is intended to give millions of families at least USD3,000 per child as part of the Child Tax Credit Bill.
- **EU-UK:** European Commission VP Maros Sefcovic travels to London this week for face-to-face talks with UK Cabinet Office Minister Michael Gove regarding the Commission's triggering of Art.16 of the Northern Ireland protocol in late January in relation to the export of COVID-19 vaccines from the EU to the UK, which sparked outrage in Belfast, Dublin, and London. UK seeking an extension of customs grace periods in order to make things easier for UK exporters that have been hit hard by new customs checks following the UK's exit from the single market.
- **European Union:** Plenary session of the European Parliament gets underway, continuing through to 11 Feb. Annual report on the European Central Bank for 2020 due to be presented to the parliament, with ECB President Christine Lagarde in attendance.
- **New Zealand:** Public holiday for Waitangi Day.

*Tuesday 9 February:*

- **United States:** Senate trial of former President Donald Trump due to get underway following his second impeachment in the House of Representatives in January. In order to be convicted (and likely banned from running for public office again), 17 Republican senators would need to vote to convict to reach the required two-thirds majority, something that seems very unlikely at this point given that all but five GOP senators have backed a motion questioning whether the trial is constitutional.

*Wednesday 10 February:*

- **Germany:** Chancellor Angela Merkel to meet with minister-presidents from Germany's 16 states to discuss the potential extension of Germany's COVID-19 lockdown. Expectations are that the lockdown will be extended to end-Feb despite calls from some minister-presidents to bring forwards the opening of schools as infection rates decline.
- **European Union:** Statements from the Council and Commission to the Parliament's plenary session on the state of play of the EU's COVID-19 vaccination strategy. The patchy rollout of the vaccine, spat with AstraZeneca over supplies, and swiftly-

reversed decision to impose a ban on vaccine exports from Ireland to Northern Ireland all fostering significant criticism of Commission President Ursula von der Leyen's leadership so she may face a hostile reception from MEPs.

- **Netherlands:** Overnight COVID-19 curfew in place since 23 January due to come to an end, although other restrictions will remain in place. The Netherlands has experienced major protests and rioting against COVID-19 lockdown rules, while focus increasingly turns to the legislative election due to take place on 17 March.

*Thursday 11 February:*

- **European Union:** Meeting of EU-Ukraine Association Council. Led by EU High Rep. for Foreign Affairs Josep Borrell and Ukrainian PM Denys Shmyhal. Council will discuss progress on implementing the Association Agreement in place between the EU and Ukraine, as well as the situation in eastern Ukraine vis-à-vis pro-Russian separatists.
- **South Africa:** President Cyril Ramaphosa set to deliver the annual State of the Nation Address (SONA) to parliament. Event will be stripped back with none of the usual pomp and only 50 MPs in attendance in the chamber. Address, taking place at 2000 local time (1500ET, 2000GMT, 2100CET), is set to focus on the short term of getting through the COVID-19 pandemic rather than longer term economic and social objectives that the SONA is usually known for.
- **China, Japan, South Korea, Taiwan:** Public holidays for Spring Festival Eve, National Foundation Day, Seollal Holiday, Chinese New Year's Eve respectively. Marks the beginning of the year of the Ox.

*Friday 12 February:*

- **Italy:** Former ECB chief Mario Draghi could be sworn in as Italy's new prime minister after securing support from enough parties to secure a parliamentary majority at the weekend. Draghi to spend most of the week seeking support from trade unions and business leaders as well as putting together his technocratic Cabinet.
- **China, Hong Kong, Indonesia, Singapore, South Korea, Taiwan:** Public holidays for Chinese New Year (Seollal in SK).
- **US:** Public holiday for Lincoln's Birthday in Connecticut, Florida, Illinois, Missouri, and New York.

*Saturday 13 February:*

- **Japan:** New escalated COVID-19 fines come into force in an effort to encourage compliance. JPY500,000 (USD4,734) fine for those with COVID-19 refusing hospitalisation, while a JPY300,000 (USD2,840) fine comes in for bars and restaurants not complying with a reduced-hours mandate.

*Sunday 14 February:*

- **Spain (Catalonia):** Regional election for the Parliament of Catalonia. The election will take place amidst increased animosity between pro and anti-independence parties, with many of the former seeking a delay to the vote to May due to the COVID-19 pandemic. Opinion polls show a close race between the blocs of parties on the two sides of the independence debate. The pro-union Socialist Party of

Catalonia has selected as its presidential candidate Salvador Illa who was Spanish health minister up until last week.

- **Kosovo:** Snap parliamentary election due to take place. Election could deliver a parliamentary majority to a single party for the first time since Kosovo declared independence. Pristina looking to improve relations with Brussels after announcement of moving Israeli embassy to Jerusalem – seen to be at the behest of the US Trump administration – caused a rift with the EU.

## 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 106 206 994 confirmed cases causing 2,318,388 fatalities according to the Center for Systems Science and Engineering at John Hopkins University as of 8 February. Travel bans and movement lockdowns have been reinstated in a number of countries including France, Spain, Italy, and the UK, as new cases and hospitalisations spike in the widely-expected third or fourth wave of infections. Several US states have re-implemented stricter lockdown restrictions as hospitalisation numbers spike. The impact of lockdowns on in hard-hit countries is likely to prove the main policy focus for governments worldwide over the northern hemisphere’s winter. The rollout of vaccines from Pfizer/BioNTech, Moderna, and AstraZeneca/Oxford University in the UK, US, and the EU has provided some optimism, but the sustained increase in new cases in early 2021 remains a major cause for concern.
- **Protest/Political Violence:** Civil unrest broke out in the United States in the first week of January, with incredible scenes at the Capitol building where pro-Trump protesters stormed the legislature, leading to the death of four people. There has been a major backlash against Trump, for his alleged role in provoking the riot and he may be barred from running for office having been impeached for a second time in early January. There remains the prospect of violence surrounding the Senate trial of Trump, which begins this week.
- **India-China:** Tensions between the world’s two most populous nations reached their highest level in decades in June 2020 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. Renewed clashes between the sides, this time in the Sikkim region, broke out in January 2021, with troops on both sides injured. These low-scale violent outbreaks are likely to erupt sporadically given the high tensions and undemarcated borders between the two countries. For both Beijing and Delhi they will have to exercise restraint in not allowing these small actions to spill over into larger squabbles.

- **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. Australia is the latest nation to find itself on the receiving end of China's wrath in terms of trade, with relations hitting a multi-year low on November 30 when a Chinese government twitter account posted a fake picture of an Australian soldier killing an Afghan child. The UK and EU, despite having reached a Brexit deal at end-2020 are now adjusting to the new reality of separation. This has seen some impediments at the UK's borders with the EU, and there is a notable chance that these disruptions will continue for some time. On the UK side there seems to be a varying amount of confusion as to the new rules, while in EU member states, border agencies appear to be as uncooperative as possible in an effort to demonstrate the full impact to UK (and EU) citizens of the impact of leaving the bloc.