

MNI POLITICAL RISK ANALYSIS – Week Ahead Mar 1-8

by Tom Lake

All timings subject to change.

Monday 1 March:

- **United States:** Senate continues to vote on Biden administration appointees, with nominees for Secretary of Education Miguel Cardona and Secretary of Commerce Gina Raimondo both set to receive their confirmation floor vote today, while the Senate Judiciary Committee votes on sending nominee for Attorney General Merrick Garland to the Senate floor. Nominee for the Director of Office of Management and Budget Neera Tanden set to meet with Sen. Lisa Murkowski (R-AK), a crucial swing vote in giving Tanden's nomination any prospect of being confirmed.
- **US-Mexico:** US President Joe Biden due to hold virtual meeting with his Mexican counterpart Andras Manuel Lopez Obrador (AMLO). Media speculation surrounds potential for the Mexican president to request COVID-19 vaccines are shared by the US with Mexico. AMLO has said developed markets receiving vast shipments of the vaccine unfair. Biden administration likely to reiterate 'number one priority' of getting US citizens vaccinated.
- **Global:** IHS Markit's CERAWEEK oil and gas conference gets underway virtually following a two-year gap. Viewed as a major event in the hydrocarbon sector calendar, speakers include philanthropist Bill Gates, Indian Prime Minister Narendra Modi, Colombian President Ivan Duque, US Secretary of Energy Jennifer Granholm, US Special Presidential Envoy for Climate Change John Kerry, and the CEOs and presidents of oil and gas majors including BP, Exxon Mobil, Saudi Aramco, Royal Dutch Shell, and Total, among others.
- **Japan:** State of emergency provisions being lifted in six prefectures including Osaka and Nagoya as new COVID-19 cases and hospitalisations from the virus continue to subside. Tokyo and three surrounding prefectures remain under SoE provisions until 7 March at the earliest.
- **Argentina:** President Alberto Fernandez set to deliver annual state of the nation speech to the opening sessions of the National Congress. Fernandez struggling with accusations of cronyism affecting the COVID-19 vaccine rollout in Argentina, and senior officials jumping the queue for a vaccination. Speech due to start around 1200 local time (1000ET, 1500GMT).
- **Myanmar:** Latest court hearing for State Counsellor Aung San Suu Kyi, who has been under arrest since the military coup that took place on 1 February. Mass protests against the coup have gained momentum in recent days and have in turn been met with an increasingly harsh crackdown from military forces. There remains the risk of a major deterioration in political stability in the country.
- **South Korea, Taiwan:** Public holidays for Independence Movement Day and observation of Peace Memorial Day respectively.

Tuesday 2 March:

- **European Union:** Informal virtual meeting of trade ministers takes place. Portugal was due to host an informal meeting of EU defence ministers on 2-3 March, but this has been pushed back to 'end May' to allow for a face-to-face meeting rather than a videoconference that would have to take place presently.

Wednesday 3 March:

- **United Kingdom:** Chancellor of the Exchequer Rishi Sunak scheduled to deliver the latest Budget announcement. Will speak in the House of Commons just after 1230GMT (0730ET, 1330CET). The headline measures announced are likely to be an increase in corporation tax (to 23-25% over the next few years), probably a freezing of income tax bands (i.e. they will not rise with inflation), additional taxes on internet sales and an extension of Covid-19 support schemes most likely until June.
- **United States:** Senate could open debate on the USD1.9trn COVID-19 recovery bill as soon as Wednesday following its passage through the House of Representatives last week. The bill contains a federal minimum wage hike to USD15/hour, which has been rejected by the Senate parliamentarian as part of the reconciliation process being used to try to pass the bill. If the minimum wage hike is stripped from the bill, as expected, is sets up for a showdown with the House Progressive Caucus seeking to do anything it can to keep the provision in.
- **Scotland:** First Minister Nicola Sturgeon set to appear in front of a Scottish Parliament committee investigating the Scottish government's handling of harassment complaints against former FM Alex Salmond. Salmond, speaking to the committee last week, accused Sturgeon's close allies of a 'malicious and concerted conspiracy' against him. Another enquiry examining whether Sturgeon broke the ministerial code in her actions regarding the allegations against Salmond could see a verdict handed down that forces Sturgeon's resignation.

Thursday 4 March:

- **China:** Opening of the Chinese People's Political Consultative Conference (CPPCC), one of the two political meetings referred to as the 'two sessions', seen as one of the key events in China's political calendar. The CPPCC is a largely advisory body composed of 2,200 members from various state-approved political parties, people's organisations (e.g. the All-China Women's Federation), and sectoral representatives (e.g. representatives from the healthcare sector).

Friday 5 March:

- **China:** Opening of the 13th National People's Congress (NPC), the second of the two political meetings that form the 'two sessions'. The NPC is the more authoritative body and is in essence the legislature of the Chinese Communist Party. The primary focus during the week-long event will be the presentation of the annual work report and the 14th five-year plan, which begins in 2021. Notable focus on whether the party presents a GDP growth target for 2021, something that was scrapped in 2020 due to the impact of the COVID-19 pandemic.

- **European Union:** High Representative for Foreign Policy and Security Josep Borrell set to visit Cyprus on a two-day trip. While Borrell has been under great scrutiny recently due to his ineffective trip to Moscow in February, he may now be seeking to pressure Cyprus to fall in line with other EU nations on sanctions against Russian individuals. Cyprus has often proved one of the few member states that has vetoed sanctions against Russia and its allies given the close business links between Moscow and Nicosia.
- **Middle East:** Historic trip takes place, with Pope Francis due to meet with Iraqi Prime Minister Mustafa al-Kadhimi in the first-ever papal visit to Iraq. The visit comes despite significant safety concerns, with the pontiff likely to be a very high-value target for the increasingly emboldened Islamic State cells operating in Iraq. Visit also comes amidst an uptick in COVID-19 cases in the country.

Sunday 7 March:

- **Switzerland:** Three referendums due to take place, one on banning full-face veils, another on changes to the Electronic ID Services Act, and the last on whether to approve an Economic Partnership Agreement between EFTA and Indonesia.

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 114,193,914 confirmed cases causing 2,532,756 fatalities according to the Center for Systems Science and Engineering at John Hopkins University as of 1 March. Travel bans and movement lockdowns are in place in a number of countries, although some countries are beginning to publish roadmaps for exiting these restrictions. The rollout of vaccines has provided some optimism, but the risk of 'vaccine nationalism' affecting the rollout and international relations remains present. So far 244.27mn doses of vaccines have been administered, equating to 3.13 out of every 100 people globally.
- **Protest/Political Violence:** There remains a significant risk of escalating political violence in Myanmar, where many citizens have protested against the military coup that took place in the country at the beginning of February. Mass protests greeted the arrival of Russian dissident Alexei Navalny on his return to the country, and his various court trials a number of charges could see anti-Putin activists returning to the streets. The mass rioting seen in the US in 2020 as part of the Black Lives Matter protests, and then in early 2021 in Washington, D.C. as part of a pro-Trump insurrection at the Capitol has left deep wounds in the US social fabric, and there remains the prospect of violence in US cities in 2021 from numerous groups and factions both on the left and the right.
- **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. Following these skirmishes, the drawdown of troops in the Ladakh region in February by both sides is set to de-escalate tensions in the short-term.

- **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. 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.