

MNI POLITICAL RISK ANALYSIS-Week Ahead 12-18 December

by Tom Lake

All timings subject to change.

Monday 12 December:

- **G7:** Leaders from the G7 group of industrialised nations set to hold a video call at 1000ET/1500GMT/1600CET to discuss the prospect of additional sanctions on Russia and Iran, as well as boosting military aid and weapons provisions to Ukraine. German Chancellor Olaf Scholz – in his position as holding the G7 presidency in 2022 – will hold a press conference after the call at 1130ET/1630GMT/1730CET.
- **European Union:** Foreign Affairs Council meeting takes place, starting at 1300CET and with a presser scheduled for 1800CET. Main topic of discussion for foreign ministers being the war in Ukraine and the ongoing crackdown on protestors in Iran as well as Iran's provision of drones to Moscow for use in the invasion of Ukraine. Russia and Iran hawks pushing for an escalation of sanctions.
- **United Kingdom:** A major week of industrial action across the UK gets underway. Hundreds of thousands of workers on the railways, the postal service, the National Highways agency, the civil service, at airports, the ambulance service, the Border Force, the energy sector, and for the first time ever nurses are set to go on strike on various days over pay and working conditions. The situation is placing significant pressure on PM Rishi Sunak and his Conservative government, but tight government finances mean significant pay offers unlikely, potentially prolonging the strike period.
- **European Union:** European Parliament meets for a plenary session in Strasbourg, France. The session is likely to result in some significant political heat following the revelations over recent days regarding an alleged bribery scandal involving a Gulf state and a number of European Parliament officials, including Vice President Eva Kaili MEP from the centre-left S&D group. She is in Belgian policy custody with three EP officials and has been suspended from the S&D group and her party in Greece, PASOK. EP President Roberta Metsola to address the plenary session on the issue.
- **United States:** Senate set to take up the National Defense Authorization Act (NDAA), a package approved in a 350-80 vote in the House last week that will keep the US military funded for another year. Package includes USD847bn for the Department of Defense and ~USD30bn for the Department of Energy's nuclear activities. GOP happy with inclusions of language to repeal COVID-19 vaccine mandates for US service personnel, while progressive Democrats supportive of the exclusion of Senator Joe Manchin (D-WV)'s efforts to include permitting reform in the bill.
- **European Union:** Coreper II meeting of Permanent Representatives (member state ambassadors to the EU) where they are expected to talk on the subject of funding for Hungary, with the Commission reiterating on Friday their recommendation for cohesion funding to be withheld due to rule of law concerns. Ambassadors likely to seek deal on the cohesion funding, COVID recovery and resilience funding (plan to

be approved but funds withheld by Commission), while also seeking Hungarian approval for Ukraine aid package and plans for a minimum global corporate tax rate.

- **Canada:** By-election takes place in the Ontario riding of Mississauga-Lakeshore following resignation of incumbent Liberal MP Sven Spengemann. The by-election is the first to take place since Pierre Poilievre took over the leadership of the main opposition centre-right Conservative Party of Canada. PM Justin Trudeau's centre-left Liberals won the seat with a 3.523 vote majority in 2021, and are seen as the narrow favourites according to polls with former finance minister Charles Sousa running for the party.
- **Mexico, Thailand:** Public holidays for Day of the Virgin of Guadalupe (Mexico) and Constitution Day (Thailand).

Tuesday 13 December:

- **European Union:** Extraordinary meeting of EU energy ministers takes place in Brussels, arrivals from 0830CET. The main topic of discussion will be the proposed gas price cap. There remains major division between member states, with Reuters reporting 12 nations demanding a 'significantly lower' cap than the draft proposal from 10 Dec, with a cap of EUR220/mwh. Germany and Netherlands seen as major obstacles to a lower cap, arguing that it would risk European supply as global producers ship gas elsewhere.
- **South Africa:** President Cyril Ramaphosa faces an impeachment vote in parliament following the publication of a report regarding a break-in at a farm owned by the president where a large sum of cash was stolen. It is seen as unlikely that Ramaphosa will be voted out by parliamentarians, given that his African National Congress (ANC) holds a majority of seats (230 of the 400), meaning that even with some ANC deputies voting against the president he is likely to hold on.
- **United States-Africa:** US President Joe Biden hosts a US-Africa Leaders Summit in Washington, D.C., lasting until 15 Dec. Biden is set to announce the US' support for the African Union to join the G20 group of nations. Summit comes as the White House has faced some criticism for being 'inattentive' towards Africa, and allowing the continent to become a major destination for Chinese infrastructure investment, reducing the US to a bit-part player in African politics.
- **Germany-Singapore:** German Chancellor Olaf Scholz hosts Singaporean PM Lee Hsein Loong in the northern port city of Kiel. Lee and Scholz will attend the launch of two German-built Republic of Singapore Navy submarines, with the meeting coming a short while after Scholz's visit to Singapore in November. Both Germany and Singapore seen as two capitalist economies with close economic links to China that are keen to avoid a major schism in global economy between US- and Chinese-aligned nations.
- **South Korea:** International Atomic Energy Agency (IAEA) Director General Rafael Grossi is expected to visit South Korea on a four-day trip at the invitation of Foreign Minister Park Jin. Topics up for discussion include North Korea's efforts at nuclear development, as well as the Japanese government's plans to discharge radioactive water from the damaged Fukushima nuclear power plant into the ocean in spring 2023.

- **Ukraine:** International conference organised jointly by French President Emmanuel Macron and his Ukrainian counterpart Volodymyr Zelenskyy gets underway in Paris to support Ukrainian civil resilience by encouraging nation states and the private sector to boost financial support for the eventual reconstruction of the war-torn country.
- **United States:** Founder and former CEO of the cryptocurrency platform FTX, Sam Bankman-Fried, set to appear in front of the House Financial Services Committee. FTX filed for bankruptcy in November following a run on the platform from investors now unable to access their funds. Regulators now investigating FTX. Hearing set to begin 1000ET.
- **Malta:** Public holiday for Republic Day.

Wednesday 14 December:

- **EU-ASEAN:** The first summit between European Union and Association of Southeast Asian Nations leaders takes place in Brussels to commemorate 45 years of diplomatic relations. Co-chaired by European Council President Charles Michel and 2022 ASEAN chair, Cambodian Prime Minister Hun Sen, the summit will talk of issues including regional stability in the Indo-Pacific and lay out a 2023-27 action plan for the two organisations. A joint statement is expected after the conclusion of the summit.
- **European Union:** European Parliament plenary session continues in Strasbourg. Commission and Council presidents set to deliver statements from 0900CET onwards regarding the 15 Dec EUCO summit, as well as on the EU's response to the US' controversial Inflation Reduction Act. Ukrainian President Volodymyr Zelenskyy expected to address the parliament remotely as EP President Roberta Metsola awards the annual Sakharov Prize for Freedom of Thought to the people of Ukraine.

Thursday 15 December:

- **European Union:** European Council summit of member state heads of government and state. There are a number of major topics set to be up for discussion at the meeting including: the sanctions regime against Russia and Iran, the proposed EUR18bn financial assistance package to Ukraine, the potential withholding of cohesion funding from Hungary due to rule of law concerns, and efforts to reach agreement on a cap for natural gas prices in the face of a winter energy price spike. Meeting gets underway in the morning but given the number and gravity of the issues on the table the session is likely to last well into the night.

Friday 16 December:

- **United States:** Deadline for Congress to agree on a funding package to avoid a federal government shutdown kicks in at 2359ET. With time running short, the prospect of Democrats and Republicans coming to a deal on an omnibus bill looks unlikely with an estimated USD26bn in government spending between Republicans and Democrats according to Senate Appropriations Committee ranking member Richard Shelby (R-AL). Instead, a short-term continuing resolution to keep the government funded while negotiations continue is seen as a more probable outcome. Some debate over the length of the extension, with 19 December, 23 December, a

deadline closer to 30 December, or beyond 3 January (when the new Congress comes to session and Republicans take control of the House) all seen as potential options.

- **South Africa:** 55th National Conference of the governing African National Congress (ANC) gets underway in Johannesburg. Continues to 20 Dec. Comes at a time of major tension within the ANC as President Cyril Ramaphosa faces significant pressure over the 'Phala Phala' scandal. Five-thousand ANC delegates expected to be in attendance to decide on the party's next leader. Ramaphosa's re-election as party head would set him on the path to a potential second presidential term in 2024. However, he could face ouster in favour of others with presidential aspirations such as Tourism Minister Lindiwe Sisulu or ex-wife of former president Jacob Zuma, Nkosazana Dlamini-Zuma. The incumbent is viewed as being the most market-friendly candidate the ANC has to offer, meaning his ouster could presage significant instability in South African assets. Also a public holiday for Day of Reconciliation.

Saturday 17 December:

- **Ireland:** Under the coalition agreement reached following the 2020 general election, the two main parties in government will swap senior and junior positions. *Taoiseach* (PM) Micheal Martin from the centrist *Fianna Fail* (FF) is set to swap places with *Tánaiste* (Deputy PM) Leo Varadkar from the centre-right *Fine Gael* (FG). This will be Varadkar's second term, having served as *Taoiseach* from 2017 to 2020. A number of other ministerial offices will also change hands, with FG Finance Minister Paschal Donohoe swapping roles with FF Public Expenditure and Reform minister Michael McGrath.
- **Tunisia:** Parliamentary election takes place, the first since the dissolution of the legislature by President Kais Saied in March and the July constitutional referendum. Instead of party lists, voters will choose individual candidates to vote for, resulting in a boycott of the election by some parties who argue the new rules favour wealthy individuals or those with a prominent public profile.

Sunday 18 December:

- **Global:** Final of the FIFA World Cup in Qatar takes place. Kick Off: 1000ET/ 1500GMT/ 1600CET/ 2300JST.

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