

MNI POLITICAL RISK ANALYSIS – Week Ahead September 7-13

by Tom Lake

All timings subject to change.

Monday 7 September:

- **European Union:** Representatives from the European Commission, Council, and Parliament meet to hold a 'dialogue meeting' on the proposed multiannual financial framework (MFF, the EU's long-term budget). Main sticking points surround 'own resources' (the Commission's ability to raise its own funds), and a mechanism to introduce sanctions on member states whose governments circumvent the rule of law.
- **UK-Canada:** UK Department for International Trade starts next round of FTA talks with Canadian counterparts. The UK is seeking to rollover the CETA agreement in place between Canada and the EU.
- **Europe:** EU High Representative for Foreign Affairs and Security Josep Borrell and EU special envoy Miroslav Lajcak hold talks with Serbian President Aleksandar Vucic and Kosovo Prime Minister Avdullah Hoti for talks on seeking to normalise relations between the two Balkan nations. Comes days after a breakthrough engineered in part by the Trump administration in the US, in which both sides agreed to normalise economic relations.
- **United States:** Public holiday for Labor Day.
- **Brazil:** Public holiday for Independence Day.

Tuesday 8 September:

- **UK-EU:** Eighth official round of FTA talks between the UK and EU start in London. Continue through to Thursday 10 September. Major impetus on both sides to come to an agreement in September with UK Prime Minister Boris Johnson stating on September 7 that if a deal is not agreed to by the October 15 European Council summit then talks should be called off and the UK exit the transition period without an FTA in place.
- **United States:** US Senate set to reconvene following its summer recess that began on August 14. The chamber's Republican leadership remains at loggerheads with Congressional Democrats over the details of an additional COVID-19 aid bill, with little sign of any tangible progress made over the summer.
- **Japan:** Official campaigning starts in the race to succeed Shinzo Abe as president of the governing Liberal Democratic Party, and therefore as Japanese prime minister. Frontrunner Chief Cabinet Secretary Yoshihide Suga (71) is joined in the contest by former Foreign Minister Fumio Kishida (63) and former Defence Minister Shigeru Ishiba (63). All three will also appear in a joint news conference.
- **United States:** Congressional primaries in New Hampshire and Rhode Island. New Hampshire will also hold its gubernatorial primary. President Trump has some hopes of winning New Hampshire in the November presidential election, so the

performance of his favoured candidates (Bryant 'Corky' Messner in the Senate primary, and Matt Mowers in the House primary) could be indicative of the president's standing in the Granite State.

- **Italy:** Prime Minister Giuseppe Conte to visit Lebanon. Conte's visit to blast-ravaged Beirut comes less than two weeks after a similar visit from French President Emmanuel Macron promising support. There remains notable concern in European capitals that the febrile political environment in Lebanon at present could result in a destabilisation of the country that could have significant effects across the middle East.
- **Russia:** Foreign Minister Sergey Lavrov to visit Cyprus. Lavrov expected to discuss the escalating security tensions in the Eastern Mediterranean between Greece, Cyprus, and Turkey with his counterpart Nikos Christodoulides and Cypriot President Nicos Anastasiades. Russia seen as moving closer to Turkey in recent months, causing concern in Nicosia, which has historically had good relations with Moscow. Treaties on revised double taxation between Russia and Cyprus expected to be signed.

Wednesday 9 September:

- **North Korea:** 72nd anniversary of the founding of North Korea. These anniversary dates, whether regarding the establishment of the country, the governing Workers' Party of Korea, or the birthdays of North Korea's supreme leaders, have often coincided with the North Korean regime flexing its military muscles in carrying out missile launches or tests, which in turn often lead to a spike in regional tensions.

Thursday 10 September:

- **Japan:** The head of a newly created political party that will serve as the main opposition to the governing LDP will be chosen by Diet members. Several weeks ago the Constitutional Democratic Party of Japan (CDP) and the Democratic Party for the People (DPP) agreed to an official merger, to take place on September 15, in order to present a united front against the LDP in any snap election that may take place following the resignation of PM Shinzo Abe. CDP leader Yukio Edano (56) and DPP policy chief Kenta Izumi (46) are running for the new party's leadership, with Edano seen as the favourite.

Friday 11 September:

- **Eurogroup:** Meeting of eurozone member state finance ministers meet in Berlin to discuss the suspension of the EU's fiscal rules in 2021. Will be the first meeting to be chaired by new Eurogroup President Paschal Donohoe of Ireland, following the end of Portuguese FM Mario Centeno's term on July 12 after the previous meeting on July 9.
- **European Union:** Informal meeting of economic and financial affairs ministers in Berlin. Follows on from the Eurogroup meeting and continues to September 12. This meeting includes ministers from EU member states that are not part of the eurozone.
- **European Union:** Second meeting this week between the European Parliament's Johan Van Overtveldt, Budget Commissioner Johannes Hahn, and German

Ambassador Michael Clauss (on behalf of the rotating Council presidency held by Germany) regarding the MFF.

Saturday 12 September:

- **Japan:** Public debate between the three candidates vying for the LDP leadership to take place at the Japan Press Club.
- **Greece:** Prime Minister Kyriakos Mitsotakis delivers his annual speech on the state of the country's economy. PM set to unveil a series of cuts in taxes and social security contributions, but only on a temporary basis. Finance Ministry seeking to ensure a cushion of spending in case more emergency financing for COVID-19 is required in 2021.

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 27,137,624 confirmed cases causing 889,213 fatalities according to the Center for Systems Science and Engineering at John Hopkins University. Travel bans and movement lockdowns have been in place in most countries, with some unwinding these measures as the peak of the virus passes while other reimpose restrictions. 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, India, and Brazil.
- **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.
- **Brexit:** The UK and EU remain in the process of attempting to reach a deal on a free trade agreement that will come into force at the end of 2020 to avoid the UK leaving the 'transition period', in which it is part of the EU's single market and customs union, without a deal. UK Prime Minister Boris Johnson announced on September 7 that a deal would have to be reached by the European Council summit on October 15, and if there was not a deal on the table then both sides should halt talks in order to prepare for moving to WTO terms. As this date approaches, the political rhetoric on both sides of the English Channel is likely to escalate further as each side seeks to gain the upper hand in negotiations.