

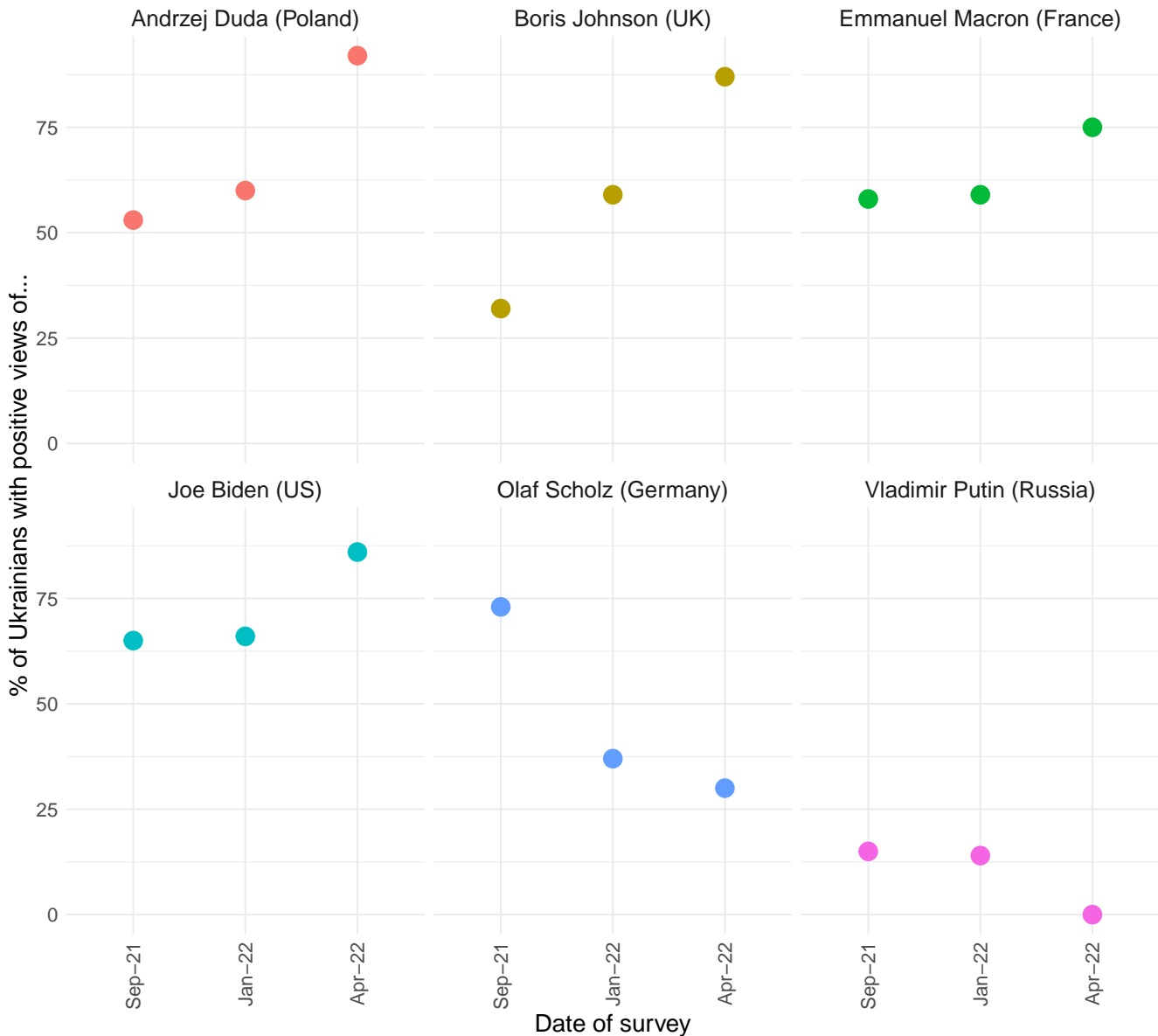
WEEKLY POLITICAL COMPASS

The **EU** will decide on phasing out oil imports from Russia. **Russia** has enacted new counter sanctions. General elections will be held in the **Philippines**. Meanwhile, **Australia** is halfway through its election campaign, voters will go to the polls in **UK** local and regional elections, **Mexico's** president will embark on a rare trip abroad, and the e-levy bill continues to create debate in **Ghana**.

CHART OF THE WEEK

Ukrainian approval of world leaders over time

Western leaders' approval ratings have improved among Ukrainians (except for Germany)



Source: Rating Group Ukraine.

1,000 Ukrainians aged 18 and older in all oblasts (excluding Crimea and Donbas)

The European Union's sixth package of **sanctions against Russia** is likely to include a phaseout of Russian oil by the end of the year. While countries like Hungary and Slovakia have been skeptical of such a ban, they might be able to secure a longer transition period which would allow them to continue using Russian oil in the short term. Meanwhile, Germany's position has shifted in favor of an oil ban, which is already strongly supported – together with an immediate gas ban – by the Polish and Baltic governments. Against this backdrop, public opinion in Ukraine is shifting even more in favor of western leaders – approval ratings of western presidents and prime ministers has increased substantially since the beginning of Russia's invasion, except for German Chancellor Olaf Scholz. The question for the coming months will be whether, and how fast, EU countries will begin to seriously consider a more consequential import ban on Russian gas.

WHAT TO WATCH

EU

Teneo

Macro 2

Agreement on the EU phasing out oil imports from Russia is likely this week. Charged by member states with preparing the ban, the European Commission is expected to unveil its proposal in the coming hours. After that, member state ambassadors will need to reach agreement. Germany is now backing an oil ban, but Hungary and others will likely succeed with their insistence on a longer transition. With coal and soon also oil banned, and gas imports being reduced, a major question is which other tools the EU can find to maintain the pressure on Moscow over the coming months.

Russia/Ukraine

Today, 3 May, President Vladimir Putin signed a decree imposing a ban on transactions with and the export of products and raw materials to selected foreign persons from “unfriendly countries”. The list of entities subject to these counter sanctions and other details will be specified within ten days. Meanwhile, given the slow progress of the Russian offensive, Ukrainian intelligence has warned that Putin might formally declare war and initiate a general mobilization during the Victory Day celebrations on 9 May.

Philippines

General elections for all elective national and local positions, except the local village heads, will be held on 9 May. Ferdinand Marcos Jr. is almost certain to win, although the continued lack of information regarding who his key cabinet officials and top advisers are likely to be continue to fuel uncertainty regarding the policy outlook.

ON THE HORIZON

ASIA PACIFIC

Australia

The country has reached the mid-point of its 2022 federal election campaign, with polling day scheduled for 21 May. Aggregated polls currently have the Labor opposition leading the Coalition government on a two-party preferred basis, 54 to 46%. But a hung parliament remains a reasonable possibility with both Labor and the Coalition’s primary vote sitting below the notionally important threshold of 40%. Key battlegrounds for the campaign thus far have focused on national security, and a recently signed security pact between China and the Solomon Islands; climate policy and apparent fractures in the Coalition’s fragile consensus on net zero; and cost-of-living, with Australia’s Reserve Bank announcing on 3 May its first interest rate increases in over a decade following the release of figures that saw annual inflation spike to 5.1%.

China/US

US officials believe the Chinese governments is not providing overt military or economic support to Russia’s war effort, Reuters reported, citing unnamed officials. The Chinese embassy in Washington issued a 30-page document on 1 May accusing Washington of spreading “falsehoods” about China related to Ukraine.

India

Prime Minister Narendra Modi is in the middle of a tour of Europe, defending India’s position on the Russia-Ukraine war. India has held off from classifying Russia as an “invader”, but has maintained “there will be no winning party in this war, everyone will suffer”. Modi has already met German Chancellor Olaf Scholz and will meet French President Emmanuel Macron on Wednesday, 4 April.

Japan

Prime Minister Fumio Kishida and Foreign Minister Yoshimasa Hayashi have been undertaking overseas tours aimed at strengthening diplomatic ties across Asia and Europe. The trip occurs in the wake of Russia’s challenge to the international order. Kishida will head to Italy and the UK following stops in Indonesia, Vietnam, and Thailand, while Hayashi’s itinerary has taken in Kazakhstan, Uzbekistan, and Mongolia.

EUROPE

UK

Voters will go to the polls in English, Welsh and Scottish local elections as well as in the Northern Ireland regional polls on 5 May. In the English local elections, Conservative losses of up to 1,000 seats (out of around 4,440 up for grabs) might be seen by Downing Street as “weathering the storm”. The Tories will attempt to emphasize the notion that anger at PM Boris Johnson’s government is not necessarily translating into a surge of support for Labour. In Northern Ireland, the key question is whether the republican Sinn Fein can for the first time become strongest force in the all-party government – which would likely make for complicated government formation talks and further increase contestation around Brexit and the Irish border.

LATIN AMERICA

Brazil

Central bank employees should continue to protest and possibly go on strike against the 5% increase in wages proposed by the government. This comes in the wake of a strong letter of protest by federal police categories who accuse President Jair Bolsonaro of reneging on the commitment to raise their wages to the tune of BRL 1.7bn or USD 335mn (secured in the 2022 budget law). At the Judiciary, the Supreme Court (STF) will pursue with the judgement of “green package” cases against the government this week, following the overriding of three environmental decrees last week. In Congress, the House resumes in-person meetings much later than the Senate, which has been perceived as House Speaker Arthur Lira’s way of having greater control over proceedings for as long as possible. The two main presidential contenders, Lula and Bolsonaro, are reevaluating priorities following smaller-than-expected unofficial rallies on Labor Day (May 1).

Mexico

President Andres Manuel Lopez Obrador (AMLO) embarks on a rare trip abroad later this week, which will take in Guatemala, El Salvador, Honduras, and Belize before AMLO moves on to Cuba. AMLO will be promoting his development programs designed to limit migration at the source. Meanwhile, Foreign Minister Marcelo Ebrard travelled to Washington DC yesterday, 2 May, to discuss migration amid frictions at the border and rising concern in the US over surging migrant numbers. Last month immigration arrests at the Mexican border reached their highest level in 20 years. The flow of migrants northwards is expected to increase once US public health restrictions known as Title 42 are lifted later in May. Even as any new arrangements for processing migrants are made, AMLO’s friendliness with the Cuban regime is likely generate fresh irritations for the US, which is gearing up for the Summit of the Americas to be held in June and hosted in Los Angeles.

MIDDLE EAST AND AFRICA

Ghana

Debates on the recently approved e-levy bill will dominate domestic public discuss this week, as the legislation came into force on 1 May. The unpopular bill, which was first proposed by the government last November and [gained legislative assent on 29 March](#) amid an opposition walkout, imposes a 1.5% charge on all electronic transactions above GHS 100 (roughly USD 13). Many citizens and businesses alike have raised concerns that the levy will negatively Ghana’s stated intention to build a digital economy by reducing the use of physical cash. Already, the Bank of Ghana (BoG) has reported that over USD 1bn in the two months from last November was lost in digital transactions as consumers started using cash ahead of the tax coming into force.

South Africa

Teneo

Macro 4

Part four of the Zondo report into “state capture” is making headlines. Published on 29 April, part four recommends formal probes into high-profile ANC and ex-parastatal leaders at Eskom. While the report casts a fresh and unfavorable spotlight on ANC corruption and corporate collusion, prosecutions will be slow in the making. One politically tricky recommendation asks President Cyril Ramaphosa to “consider” the position of Deputy State Security Minister Zizi Kodwa, at a time when pressure for a cabinet reshuffle is mounting. Ramaphosa will also face growing pressure to deliver broader governance reforms over the coming months.

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