

Political Risk Update: January 20, 2021

- Tunisia: Urban unrest foreshadows further problems ahead
- Russia: Navalny arrest shows Moscow's indifference to its image abroad
- Uganda: Opposition will struggle to challenge President Museveni's re-election
- Brazil: Rising pressures will boost Huawei presence despite Bolsonaro anger
- Laos: Debt will be the key challenge for new communist party leadership

Tunisia: Urban unrest foreshadows further problems ahead

Event

Riots took place in several cities around the country on the night of January 17, marking the tenth anniversary of the revolution that forced long-time dictator Zine El Abidine Ben Ali to leave the country.

Outlook

Tunisian authorities have deployed army units in the cities of Sousse, Bizerte, Kasserine and Siliana after two days of riots in 15 cities around the country. Tunisian politics have been chaotic since the revolution, and the economy has struggled. The pandemic has further eroded Tunisia's economic position but negotiating a new IMF package of assistance will be even more difficult because of the need for implementing deficit-cutting measures amid mounting anger at poverty and unemployment.

Analysis

At least 630 people were arrested on January 17 according to the interior ministry, most of them under the age of 25. The riots took place despite a government-ordered four-day COVID-19 lockdown that started on January 14, the tenth anniversary of the revolution. The youthfulness of the demonstrators is not a surprise as many young people see no future in Tunisia; illicit departures of Tunisians for Europe had risen before the pandemic lockdown made the journey more difficult. Meanwhile, former Ben Ali official and opposition leader Abir Moussi blamed the Islamic democrat Ennahda party for being behind the unrest, and is likely to use the demonstrations to argue that more authoritarian practices are needed to protect the country.

Russia: Navalny arrest shows Moscow's indifference to its image abroad

Event

Opposition leader Alexey Navalny was arrested at passport control on arriving in Moscow by air on January 17, four months after being flown to Germany following a poison attack in Siberia.

Outlook

Although Navalny's detention was expected, the state-orchestrated theatrics surrounding his arrival suggest not only an attempt to confuse and distract attention but, more worryingly, a lack of concern about external perceptions of the government's unconvincing case against him. Navalny was detained on the specific grounds that he had violated the rules of his probationary release from a custody term, presumably while he was in a coma and then recovering. The authorities are likely to hold Navalny on previous charges as this will not need the court appearances that a new set of charges would require.

Analysis

Police arrested around 70 people who gathered to welcome Navalny at Vnukovo airport, but let in crowds ostensibly hoping to greet singer Olga Buzova, who later said they were not genuine fans. Then the plane carrying him was diverted to Sheremetyevo airport on the pretext of technical problems at Vnukovo. The authorities are likely to continue holding Navalny on existing charges as this will not need the court appearances that a new set of accusations would require.

Uganda: Opposition will struggle to challenge President Museveni's re-election

Event

The National Unity Party (NUP) of opposition presidential candidate Robert Kyagulanyi, widely known as Bobi Wine, said on January 17 that it will challenge the results of the January 14 presidential elections in court.

Outlook

The NUP's challenge is unlikely to succeed given the longstanding reluctance of Ugandan courts to challenge election results despite proven malpractice, and the related factor of the government's influence over the judiciary. Wine's call for calm is likely to keep street protests to a minimum over the short term but this may not last, while the government has vowed to respond decisively to any 'riots'.

Analysis

The electoral commission on January 16 declared incumbent President Yoweri Museveni the winner, with 58.6% of the vote to 34.4% for Wine, with turnout put at 52%. East African observers noted problems with the polls, but deemed them 'free and fair' overall. However, reports of irregularities continue to emerge, including non-counting of votes from pro-Wine constituencies in the provisional tally. The NUP say they have evidence of ballot stuffing and other electoral manipulation. They also accuse the government of deliberate efforts to subvert their challenge, through an ongoing Internet shutdown and arrests of multiple NUP figures. Wine himself is under effective house arrest, with his home surrounded by military forces.

Brazil: Rising pressures will boost Huawei presence despite Bolsonaro anger

Event

Newspaper reports on January 16 suggest that the government will not seek to prevent China's Huawei from participating in the 5G auctions currently scheduled for June, despite opposition to the move from President Bolsonaro.

Outlook

President Bolsonaro has been looking for a legal means of banning Huawei from the 5G auction, possibly by decree. The continuing friction with China that is being driven by Bolsonaro and members of his family is increasingly risky as Brazil becomes more isolated diplomatically. Pressures within the government and business to sustain good relations with Beijing will increase and, as the 5G situation shows, become more influential.

Analysis

The media reports linked the decision to allow Huawei to participate to the country's 5G auction to the lower costs that it offers and to the departure of US President Donald Trump, a key Bolsonaro ally whose hostility to Huawei the Brazilian president endorses. However, Bolsonaro's animosity has not been shared by other members of his government or Brazil's telecoms sector, given Huawei's competitiveness. China is Brazil's largest trading partner and there are widespread business concerns over antagonising Beijing, particularly as pressures over Brazil's environmental policies mount from the EU and the Biden administration appears set to add its weight to the pressure from Europe.

Laos: Debt will be the key challenge for new communist party leadership

Event

At its eleventh national party congress (January 13-15), which sets policy for the next five years, the ruling Lao People's Revolutionary Party (LPRP) elected a new general secretary and expanded the politburo to 13 members.

Outlook

Thongloun Sisoulith, prime minister since 2016, is the new LPRP general secretary and appears to have the support of the party's power brokers despite the country's difficult economic situation. It is likely that he will soon add the position of state president as well. He supports offering equity in state-owned enterprises to help mitigate the debt crisis, but this will do little to ease dependence on China, Laos's largest creditor.

Analysis

Thongloun replaces Bounnhang Vorachith, who retires after one term during which he held the party general secretaryship and state presidency simultaneously. The National Assembly will meet in the coming weeks, following LPRP-controlled elections, to confirm state appointments

and approve a new cabinet. Shortly before last week's meeting, Thongloun said Laos would aim to raise foreign financing more through equity than loans. The country is struggling to ensure enough foreign exchange reserves to meet annual debt obligations, and the World Bank says that Laos is at high risk of external debt distress.

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.