

## Political Risk Update: December 9, 2020

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### Mexico: Departure of AMLO's chief of staff will worry investors

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**Event:** On December 2, President Andres Manuel Lopez Obrador (AMLO) announced the resignation of his chief of staff, Alfonso Romo, saying Romo had completed his intended two-year stint in the post but would remain his "main link" to the private sector.

**Outlook:** Romo was considered a key link between AMLO and the business world, facilitating dialogue between potential investors and a government that has not always been business-friendly. Persistent rumours of a rift between AMLO and Romo are likely to make investors even more wary of ALMO's interventions in economic policy.

#### Analysis

Romo advised AMLO on important issues such as the recently signed US-Mexico-Canada trade agreement, Mexico's trade relations with China, and the realisation of infrastructure projects as part of the government's 'Fourth Transformation'. Although Romo has stressed in interviews that he intended to leave after two years, his departure has prompted speculation about a rift with the president and this is compounding criticisms of AMLO's

approach to the private sector. AMLO has said that the chief of staff post will remain vacant to save the government money.

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## DRC: Collapse of governing coalition brings serious political crisis

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**Event:** President Felix Tshisekedi announced on December 6 that he is dissolving the coalition arrangement between his Camp for Change (CACH) platform, which holds the presidency, and former President Joseph Kabila's Common Front for Congo (FCC) platform, which holds a significant majority in parliament.

**Outlook:** Tshisekedi's announcement has been welcomed by various opposition figures but their backing offers no certainty he can secure a sympathetic parliamentary majority, as this would require extensive FCC defections. The FCC may also challenge the questionable legal basis of Tshisekedi's move, thereby triggering a major political and constitutional crisis. Elections offer no easy way out of such a crisis; indeed, they could complicate the antagonism between CACH and FCC supporters still further and imperil the limited democratic gains made in recent years.

### Analysis

Tshisekedi says he will now use an option available to him in the constitution under which officials attempt to identify enough MPs willing to back the president's agenda to give him a parliamentary majority. He also warned that, in the absence of a functioning majority, he is prepared to dissolve parliament and take the country back to the polls. The announcement comes after a month of political consultations led by the president to seek solutions to persistent political blockages due to the divisions within government. Separately, a group of MPs have reportedly attempted to deposit a petition calling for the dissolution of the leadership of the National Assembly.

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## Romania: Rising extremism may bring moderates together after general election

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**Event:** The low turnout for the general election on December 6 has enabled old elements of the political left and right to make a comeback.

**Outlook:** With 90% of the votes counted, the opposition Social Democrats (PSD) had nearly 30% of the vote, while the governing National Liberals (PNL) had about 25%. The PSD's relative success is probably due to its strong grassroots organisation being able to mobilise its core supporters to vote. The return of both post-communism and ultra-nationalism could help cement a moderate alliance between PNL and Save Romania Union-Party of Liberty, Unity and Solidarity (USR-PLUS), which won nearly 15% of the vote. However, the parties have different agendas which would make an alliance difficult to sustain.

### Analysis

PNL and USR-PLUS could form a majority government if supported by the Democratic Alliance of Hungarians in Romania. This may be the only option given that USR-PLUS co-chair Dan Barna ruled out a coalition with a new party, the Alliance for Romanian Unity (AUR), which he branded extremists in the tradition of the former Greater Romania Party, saying it had benefited politically from the COVID-19 pandemic. The 33% turnout for the

election was the lowest since 1989, reflecting a lack of enthusiasm for the political options on offer.

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## **Kuwait: Despite new faces, next parliament will retain conservative outlook**

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**Event:** Results from elections held on December 5 for the 50-seat parliament show that the next session, which begins in December 15, will have 21 MPs who have never held seats before, with three-fifths of MPs being less than 45 years old.

**Outlook:** The high turnover is more a reflection of the fragmented electoral system than an indication of public discontent, although the latter is rising as a result of the country's economic problems. The conservative Islamist opposition will mobilise to take advantage of this growing dissatisfaction but continues to lack the ability to push through policy changes.

### **Analysis**

Voter turnout was fairly high at 60-70%, despite COVID-19 concerns. None of the 31 female candidates won seats, including sole incumbent Safaa al-Hashem, known for her radical rejection of expatriate rights. Conservative forces did well, including both the Islamist opposition and some pro-government tribal MPs, including long-time parliamentary speaker Marzouq al-Ghanem, who won by a large margin.

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## **South Africa: Corruption concerns continue to undermine the ANC**

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**Event:** On December 6, the ANC's National Executive Committee (NEC) began a three-day meeting that will discuss, among other issues, whether ANC officials charged with corruption can remain in post.

**Outlook:** Despite the clear public relations win it would provide both President Cyril Ramaphosa and the ANC, ongoing party divisions mean its Secretary-General, currently facing corruption charges, is unlikely to be forced to step down temporarily this week. Instead, some compromise solution or deferral appears likely, which will encourage more factional battles while also doing further damage to the ANC's credibility.

### **Analysis**

Last month the ANC's Secretary-General, Ace Magashule, was charged with corruption and fraud in relation to a 17-million-dollar programme to replace asbestos roofing during his time as Free State premier. However, he has refused to step aside from his post. In August, following growing public dissatisfaction at COVID-19-related fraud allegations implicating ANC officials and related elites, the NEC agreed to enforce an earlier party resolution that any party or public officials facing criminal charges should step aside until their case was resolved. However, the party's failure to codify its position has been exploited by Magashule, as well as another high-profile corruption-charged official, former State Security Minister and MP Bongani Bongo.

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