

# Political Risk Update: March 10, 2021

- Saudi Arabia: Attacks leave oil facilities and Gulf shipping facing rising risk
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## Saudi Arabia: Attacks leave oil facilities and Gulf shipping facing rising risk

### Event

The Saudi energy ministry said that a series of missile and drone attacks on March 7 that targeted oil facilities caused no damage to life or property.

### Outlook

The attacks once again highlighted the threat to global energy security, with oil prices reaching their highest level in two years on the following day. As with Huthi-claimed attacks on Saudi oil facilities in 2019, the east coast assaults may have originated in Iran (or Iraq) rather than in distant Sana'a. However, the Huthi claim of responsibility suits all sides by containing regional escalation while raising the profile of the Yemen conflict. The Huthis will demand to be taken seriously; Riyadh will seek to revive US support and military protection; and Tehran will quietly demonstrate its regional reach as a nuclear deal negotiating tactic.

### Analysis

Targets of the attacks included an oil storage facility by Ras Tanura port and state oil firm Aramco sites in Dhahran, both on the eastern Gulf coast opposite Iran. Tehran-supported Huthi fighters in Yemen claimed the operations, as well as others further south that were more within their customary targeting zone. The Saudi-led coalition fighting in Yemen responded with air strikes against Huthi compounds in the capital, Sana'a. Further attacks on oil infrastructure are likely, keeping oil markets and Gulf transport operators nervous.

## Indonesia: Key opposition party may seek alliance with President Jokowi

### Event

On March 5, Moeldoko, a retired general who is now President Joko 'Jokowi' Widodo's chief of staff, was named as the new chairman of the opposition Democratic Party (PD) despite not having previously been a member.

## Outlook

With Moeldoko at its helm, the PD would appear likely to align with Jokowi, weakening the opposition further and strengthening the president's hand in parliament. However, the fight over the party's leadership is far from over as the Yudhoyono family attempts to reassert its control. Rival factions will likely take to the streets, each seeking to assert itself as the party's legitimate voice.

## Analysis

The PD elected Moeldoko to the post at an extraordinary congress in North Sumatra province. However, Agus Harimurti Yudhoyono -- son of former President Susilo Bambang Yudhoyono -- insists that he continues to be the party's rightful chairman and has described last week's congress as "illegal". He and his allies are appealing to the president to intervene, and to the law and human rights ministry not to certify Moeldoko's appointment. The government bloc has a sizeable majority in the main legislative chamber, the People's Representative Council. The PD and the Prosperous Justice Party are the only two parties clearly in the opposition ranks.

## Senegal: New opposition coalition is proving a real test for President Sall

### Event

The Movement for the Defence of Democracy, a new opposition and civil society coalition, has called for further protests this week following several days of unrest triggered by the arrest last week of Ousmane Sonko, leader of the opposition Patriots of Senegal for Ethics, Work and Fraternity (PASTEF-Les Patriotes).

### Outlook

Sonko's case has become a lightning rod for a wider set of grievances against President Macky Sall and his government, including frustration at COVID-19-related restrictions and the state of the economy. Sall will be wary of more disorder as it may feed a growing campaign against his making a widely rumoured bid for a third presidential term.

### Analysis

Anticipating further disturbances, the government has suspended all educational classes this week. Sonko was arrested en route to a Dakar court to answer a summons on charges of rape and making death threats; clashes between his supporters and the security forces saw Sonko detained for allegedly disturbing public order and attending an illegal demonstration. Five people have been killed since the disturbances began, while French-owned businesses were seemingly targeted for looting. The authorities last week suspended two private TV stations over their coverage of the protests, and social media applications appear to have been disrupted.

## Mexico: Controversial energy bill risks new tensions with Washington

### Event

The Senate approved a controversial energy bill on March 3 that aims to strengthen the position of the state-run Federal Electricity Commission (CFE) in relation to the private sector.

### Outlook

The bill, which has already passed the lower house, prioritises CFE plants as providers of electricity to the national grid, ends the firm's obligation to buy energy from private providers at competitive auctions and allows it to cancel contracts with independent producers and revoke self-supply permits. It will compound business and investor suspicions of government intent while creating trade tensions and hindering progress towards climate change goals, two issues that could threaten Mexico's relations with Washington.

### Analysis

Environmentalists claim that the legislation deliberately disadvantages renewable energy producers, while businesses warn that it will reduce competitiveness and could be in breach of the recent US-Mexico-Canada free trade agreement; dozens of companies are reportedly planning legal action. However, the CFE has the support of President Andres Manuel Lopez Obrador (AMLO), who is a vocal proponent of energy nationalism and aims to make Mexico self-sufficient. Widespread blackouts last month appeared to reinforce the logic of that position, with AMLO attributing them to Mexico's dependence on imported US gas, supplies of which were cut during last month's energy crisis in Texas.

## Paraguay: Pandemic protests now threaten government stability

### Event

President Mario Abdo Benitez dismissed four cabinet ministers late last week following violent protests over the government's handling of COVID-19.

### Outlook

The protests are being led by health workers and relatives of COVID-19 patients, who claim that millions of dollars meant for combating the pandemic have been stolen by the government. Calls to impeach the president still appear unlikely to gain traction in Congress but continuing protests could see more cabinet dismissals and the risk of greater instability and violence.

### Analysis

Health Minister Julio Mazzoleni resigned on March 5, with the education, women's affairs and civil affairs ministers departing the following day; more cabinet changes may follow as opposition groups step up their demand the president's resignation. Hospitals have been overwhelmed with COVID patients, medical supplies are exhausted, and case numbers continue to rise sharply. With a population of 7 million, Paraguay has seen over 168,000 cases and 3,318 deaths and now has one of the slowest vaccine roll-outs in the region. The

government has only sourced 27,000 doses of Sputnik V and Coronavac vaccines thus far; Chile recently announced that it was donating 20,000 doses of Sinovac.

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