

# Political Risk Update: August 4, 2021

- Nicaragua: Ortega re-election looks highly likely
- Lithuania: EU will help control influx of illegal immigrants blamed on Belarus
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- Myanmar: Regime's election timeframe will be flexible
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## Nicaragua: Ortega re-election looks highly likely

### Event

President Daniel Ortega registered his presidential candidacy on August 2, confirming his intention to run for a fourth consecutive term in November's elections.

### Outlook

Amid political polarisation, the opposition's choice of a former Contra fighter as his opponent will help Ortega rally his support base by feeding his claims that the opposition represents US interests, rather than Nicaraguan interests.

### Analysis

Ortega initially led Nicaragua from 1979 to 1990, returning to power in 2007. His candidacy had been widely anticipated. There was nevertheless some speculation that he might stand aside in favour of his wife, Vice-President Rosario Murillo, who, at 70, is five years his junior. She will instead seek re-election to her current position, which she has held since 2017. The candidacy confirmations come amid a crackdown on opposition figures that has seen seven presidential hopefuls detained since the beginning of June, all on questionable terms. Those arrests have prompted international sanctions; the EU blacklisted eight Nicaraguan officials on August 2, including Murillo. The opposition alliance Citizens for Freedom last week named Oscar Sobalvarro, a former fighter with the right-wing, US-backed Contras, as its presidential candidate; 27-year-old beauty queen Berenice Quezada will be his running mate.

## Lithuania: EU will help control influx of illegal immigrants blamed on Belarus

### Event

Speaking on August 2, EU Commissioner for Home Affairs Ylva Johansson pledged to support Lithuania with extra financial aid and to increase diplomatic support to help its government deal with a migration crisis, of which both Brussels and Vilnius blame on Belarus.

## Outlook

Although the migrant situation leaves Lithuania exposed, Vilnius will be supported by the EU and especially its Baltic neighbours Estonia and Latvia. Johansson's promise will strengthen Lithuanian-EU relations and provide Vilnius with 100 million euros to manage future influxes.

## Analysis

Since August 1, Lithuania has detained 287 illegal migrants, more than the total for 2018-20; almost 4,000 migrants have arrived this year. Most come from Iraq, Syria and African countries. Since the beginning of August, Iraq has opened more direct flights to Belarus. The Lithuanian government has accused Belarus of facilitating migrant smuggling to the EU. The situation is seen in Vilnius and Brussels as an attempt by Belarusian President Alexander Lukashenka to take revenge on the EU for imposing sanctions on Belarus in June.

## Zambia: Troop deployment heralds election instability

### Event

On August 1, President Edgar Lungu ordered the deployment of troops throughout the country, ostensibly to counter possible violence ahead of the August 12 presidential and legislative elections.

### Outlook

Barring a major upset, Lungu will likely claim victory regardless of the results. This will fuel political unrest and mobilise opposition voices challenging his legitimacy. There could be a period of political violence and instability, which threatens; the country's fragile economy, its access to international aid, and its hopes for foreign investment.

### Analysis

President Lungu and his supporters have become increasingly worried about his electoral chances. Polling suggests a substantial loss of support for the president, even within his Copperbelt heartland. This results from the impacts of COVID-19 (including a government debt default), a stagnant economy and high inflation, and suggests that opposition candidate Hakainde Hichilema could win a free and fair election. The army deployment follows on from a rapid and non-transparent voter registration process heavily criticised by the opposition, as well as increased police targeting of opposition activists. Hichilema himself was imprisoned by Lungu on treason charges in 2017, and his supporters are frequently subjected to arrest and intimidation.

## Myanmar: Regime's election timeframe will be flexible

### Event

The State Administration Council, the junta established following the February 1 coup, announced on August 1 that it was now Myanmar's caretaker government and that military chief Min Aung Hlaing is the country's prime minister.

### Outlook

The regime will be in no rush to hold elections; it would be unsurprising if it again extended the emergency and deferred the polls further. It will meanwhile set about ensuring that politicians from the civilian NLD are prevented from standing so that only the military-aligned USDP has a realistic chance of winning.

### Analysis

In the coup's immediate aftermath, the junta said that the emergency would last one year, with fresh polls to follow. Last week, the election commission, whose current members were appointed by the junta, formally cancelled the result of the November 2020 elections, in which Aung San Suu Kyi's National League for Democracy (NLD) retained power and the military-backed Union Solidarity and Development Party (USDP) performed poorly. Although international observers found no evidence of electoral fraud, the commission says the polls were not free and fair. In May, it said it would dissolve the NLD. Separately, Min Aung Hlaing promised a lifting of the post-coup state of emergency by August 2023 and multi-party elections thereafter.

## Mexico: Strengthening economy still at risk from pandemic

### Event

Remittance income topped 4.4 billion dollars in June, the Bank of Mexico reported on August 2, a 25.5% increase year-on-year.

### Outlook

Mexico will continue benefitting from the US recovery, but the pandemic poses ongoing threats. Growth moving forward will be dependent on the speed and breadth of vaccine rollouts.

### Analysis

June was the fourth consecutive month to see remittances rise above 4 billion dollars, taking the total for the first half of 2021 to 23.6 billion dollars for a year-on-year increase of 22.4%. The average remittance received per recipient household hit 393 dollars in June, the highest monthly amount since October 2008. The improving situation has been attributed to several factors, including the post-pandemic recovery of the US economy and the weakness of the Mexican peso against the dollar. Mexico's economy grew by 1.5% quarter-on-quarter (19.7% year-on-year) in the second quarter of 2021, but the country is now battling another wave of COVID-19 infections. The rolling seven-day average of new confirmed cases spiked at 132.6

per million people on July 30, up from just 17.9 two months earlier; it has since fallen slightly. As of August 1, 37% of Mexicans had received at least one dose of vaccine.

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