

The Geopolitical Week Ahead

The Geopolitical Week Ahead: July 26 – August 2, 2020:

This week, China celebrates Army Day highlighting their advanced military development. Also this week, it looks like the UK will miss the deadline for fixing a date for Brexit departure. Additionally, a new ceasefire in the Donbas takes effect this week. Here is what we are watching around the world this week:

China commemorates Army Day

- **This year's August 1 Army Day celebration in China – commemorating the anniversary of the founding of the People's Liberation Army in 1927 – is likely to be a low-key affair in terms of parades, but will provide an opportunity for China's leaders to directly address a recent spate of US speeches (NSA O'Brien, Attorney General Barr, FBI Director Wray, Secretary of State Pompeo) critical of the Chinese Communist Party and its role in the world.**
 - Although Chinese leaders do not ordinarily make major addresses on Army Day or at receptions for the military the evening before, Chinese media are likely to feature pieces on how a "peaceful China is meeting security challenges in an increasingly hostile global environment." Army Day editorials are invariably about the unity of the military and people under the leadership of the party, but we would not discount the possibility this year that they will be used as a vehicle in defense of PRC policies in the Asia-Pacific, South China Sea, India and elsewhere.

Boris Johnson misses deadline for Brexit deal framework

- **The UK is on track to miss its self-imposed July 31 deadline to agree on an outline for its future relationship with the EU.** Prime Minister Johnson had wanted to sign the agreement in August to give businesses time to prepare for Brexit, but talks are deadlocked over issues including fishing rights, and guarantees for a “level playing field” for businesses. The July deadline was always ambitious and was as much a tool for the UK to inject some urgency into negotiations and secure political attention from EU leaders, as serious target. The fact it has passed with so little in the way of progress does, however, highlight the real risk of a no-deal outcome. That is a risk that will continue to increase as the clock continues to tick down.
 - The UK may be willing to risk a hard Brexit – one that reverts trade to WTO rules, re-imposes tariffs and increases costs, red tape, and delays – to maintain its independence from EU courts and regulations. The political red line for Prime Minister Boris Johnson is being seen to secure ‘sovereignty’ for the UK. Brussels says London is attempting to re-write the Political Declaration agreed with the withdrawal agreement last year in order to gain more favorable terms for the UK. **Significant progress is only expected in September as both sides rush to conclude an agreement by the October European Council summit. The EU sees the summit as the last possible date to ensure the deal’s ratification by the end of the December 31 transition period.**
 - Following the decision last month not to extend the transition period, the UK and EU committed to intensified talks. At the conclusion of the last round on July 23, UK Chief Negotiator Frost stated there were “considerable gaps”, though a deal could still be reached in September. (Senior UK officials have reportedly given up on a comprehensive deal and believe only a “basic” agreement is possible this fall provided the EU makes concessions).
 - His EU counterpart, Michel Barnier, agreed both sides were still “far away” and cautioned there is little time left for negotiations. Frost and Barnier will meet in London next week, with official talks scheduled to resume in Brussels in mid-August. Meanwhile, the UK and the EU have stepped up preparations for a hard Brexit and Brussels has warned businesses to expect “inevitable disruptions” in their trade with the UK even if a deal is reached.
 - The lack of clarity around what those disruptions might look like in practice is the biggest practical obstacle to business making preparations. The opacity of negotiations, combined with the impact of COVID-19, the latter diverting attention and resources from Brexit, means firms are possibly in a worse position to handle a no-deal scenario than they were last October. A survey by the Institute for

Government warned many British businesses are unprepared for a hard Brexit and that 60% have not yet started preparing for the end of the transition period.

- Whilst a hard Brexit might not worry Johnson politically, it would aggravate an already dire economic outlook; the OECD forecasts that the “UK is likely to be the hardest hit by Covid-19 among major economies”, with GDP possibly falling 11.5% in 2020 (or 14% if there is a second peak in the pandemic). To ameliorate the impact of Brexit (and gain some leverage in talks with the EU), the UK is pursuing trade deals with countries including Japan and the US. But even if these FTAs are successful (and note the negotiations are not much advanced), they will not make up for a disruption in trade with the EU, by far the UK’s largest trade partner.

Philippine President Duterte delivers state of the nation address

- **President Duterte’s state of the nation address on July 27 is expected to focus on his response to COVID-19. He has been criticized for delays in taking action to contain the pandemic and taking advantage of the health crisis to consolidate power.** The Philippines has the second-highest number of COVID-19 cases (76,444) and deaths (1,879) in Southeast Asia, trailing only Indonesia (a far more populous country). The actual number of infections in the Philippines is likely much higher given a lack of mass testing. Large swathes of the country, including Manila, remain under quarantine.
- Duterte delayed imposing travel restrictions until mid-March, despite being urged by Vice President Robredo and public health experts to do so in January. His administration also slashed a proposed \$26 billion rescue package to \$2 billion in the name of fiscal austerity, and is yet to pass it. When Filipinos began protesting the lack of public aid, Duterte approved “shoot to kill” orders against demonstrators. Support has not been forthcoming for Filipinos abroad either. Of the over 345,000 overseas nationals who have lost their jobs and become displaced refugees, authorities are repatriating only 1,050 every week. The Labor Department estimates the number of displaced Filipino refugees could grow to over 700,000 by the end of the year.
- Duterte has continued to use his supermajorities in Congress to muzzle the media and opposition. The government has persecuted journalists. In early May, it shut down the country’s largest and most profitable media outlet (ABS-CBN) that has been critical of his policies (especially his war on drugs) and refused to air his presidential campaign ads. The government also enacted anti-terrorism legislation during the pandemic, ostensibly to combat Islamist militants in the southern Philippines. The July 3 law empowers authorities to detain suspects without a warrant, extends time limits on pre-

trial detention, and annuls previous legislation mandating that judges assess whether inmates had been subject to torture.

- Despite the botched response to the pandemic and his authoritarian tendencies, Duterte remains popular. According to a January poll, his approval rating was 81%, with only 7% disapproving, making him the one of the most popular presidents in the country's history. Duterte may try to leverage this popularity in the final years of his presidency to ensure a loyalist succeeds him and protects his interests. Possible candidates include Christopher "Bong" Go, a former top aide and current senator; Sara Duterte, the President's daughter and mayor of Davao City; and Manny Pacquiao, a senator and former boxing star. All three of Duterte's predecessors saw their influence wane in the final two years of their presidency and were prosecuted by the administration that followed them.

UK Liberal Democratic party opens voting on new leader

- **After a delay of several months due to the pandemic, voting for the UK Liberal Democratic (LibDem) party's leadership will take place between July 30 and August 26.** Over the past few years, the LibDems had positioned themselves as the Remain party. Former leader Swinson resigned after losing her seat in the 2019 parliamentary election that ended up as a resounding success for Tory Brexiteers. With the UK's formal exit from the EU in January and the end of the transition period fast approaching, the next LibDem leader (the party's fourth in five years) will have to resolve the party's "identity crisis" and come up with a platform to maintain its relevance in UK politics.
 - Two LibDem MPs have been nominated for leader: 37-year-old former physicist Layla Moran (broadly perceived as the change candidate), and former Energy secretary and acting party co-leader Sir Ed Davey. There is broad consensus among the LibDems that the party needs to be more liberal than Labour on issues such as Universal Basic Income (UBI).
 - Moran had previously mentioned her desire to push the LibDems towards more radical policies to capture the far-left faction of Labour voters who may feel abandoned by their more moderate leader Sir Keir Starmer. Sir Ed Davey thinks the party's path to success is in picking off not just Labour supporters, but also moderate conservatives. Though Davey is the more experienced, he will likely face criticism for having served in the LibDem-Conservative coalition government of 2010 to 2015 (Swinson also came under criticism for serving in the coalition).

Donbass ceasefire takes effect

- **Trilateral Contact Group (TCG) negotiations between Ukraine, Russia and the OSCE resulted in a comprehensive ceasefire agreement for the Donbass region set to begin July 27.** Sporadic clashes between Ukrainian forces and Russian-backed separatist militias have gripped Donbass since the Minsk II accords were signed in 2015. Approximately 13,000 have been killed since the conflict began in 2014.
 - A full ceasefire was a prerequisite for a summit under the Normandy Format, which includes Germany, France, Ukraine, and Russia. The last round of Normandy talks, held in December 2019, covered prisoner swaps, troop withdrawals, an international ceasefire monitoring regime, and the possibility of future elections in the Donbass. However, the December commitments have been undermined by Russia-backed separatist rebels denying NGOs and OSCE monitors access to areas under their control. If the new ceasefire agreement holds, **Ukrainian Deputy Prime Minister Reznikov indicated that a summit could be held as early as August.**
 - The breakthrough in TCG negotiations comes a year after President Zelensky took office. He has prioritized resolving the conflict, and has focused on reinvigorating TCG talks and facilitating prisoner swaps. Although Zelensky agreed to uphold the “Steinmeier Formula”, which requires that the two republics in the Donbass region hold separate elections in preparation for self-governing status, he has made clear the elections will have to be conducted in accordance with Ukrainian law, and can only occur after the government regains control of the border with Russia.

North-South Ministerial Council meets

- **Taoiseach Martin will join First Minister Foster and Deputy Minister O’Neill July 31 in the first meeting in more than three years of the North-South Ministerial Council (NSMC), the main body for cross-border cooperation between Ireland and Northern Ireland.** The meeting reflects a desire by both sides to improve bilateral ties and cooperation as part of the “New Decade, New Approach” agreement negotiated by Ireland and the UK that restored Stormont – the Northern Ireland Executive and Assembly – in January.
 - The power-sharing deal for the Northern Irish government broke down three years ago, leaving the region to be governed by civil servants, who could only administer and implement policy. As part of “New Decade, New Approach”, Dublin pledged financial assistance for new cross-border initiatives in areas such as healthcare.

- The NSMC follows Martin’s first official meeting with Foster and O’Neill in Belfast July 16, where they reportedly discussed Brexit, renewing “practical” cooperation, and coordinating a response to the pandemic. Martin has committed to being an “engaging, understanding Taoiseach” and “moving forward on the economic front” to advance joint projects in cultural exchange, research, and development.

Recommended Airplane Reading:

- **International Institute for Strategic Studies, "Brazil's Triple Crisis"**
The COVID-19 pandemic, combined with problems in Brazil’s economy and political system, has exposed the vulnerabilities of President Jair Bolsonaro.
- **Center for New American Security, "Intelligence Transparency and Foreign Threats to the Elections"**
As the United States nears a consequential November election the threat of malign foreign interference in the campaign season and election system looms. A new playbook is needed to ensure that the intelligence community, policymakers, and the public are in sync regarding transparency expectations about foreign threats to the election.
- **Brookings Institution, "China and Latin America: A Pragmatic Embrace"**
China’s maturing relationship with nations of Latin America and the Caribbean (LAC), driven primarily by economic security interests, is facing new challenges as the struggling region copes with an intensifying wave of economic, public security, and public health crises.
- **American Enterprise Institute, "The US is Confronting Nicaragua’s Dictators Without a Game Plan"**
In November 2018, President Trump signed an executive order declaring Nicaragua a national threat. Since then, the Administration has done little to engage with the and with general elections being scheduled in 2021, the US and the rest of the region need to begin engaging now to ensure a return to liberty and democracy.
- **Center for a New American Security, "Restoring Strategic Competence"**
CNAS offers policy recommendations for navigating America’s alliances in Northeast Asia amid the threat of a nuclear North Korea.

- **Foreign Affairs, “The Age of Strategic Instability”**
Foreign Affairs explores how technological innovation undermines the ability to achieve the nuclear lexicon that is strategic stability.
- **The Lowy Institute, “China’s catastrophic success: US strategic blunders fuels rivalry”**
The Lowy Institute investigates how growing US antagonism towards Beijing could change the CCP’s geopolitical calculus, ushering in a new era of Cold War.
- **The Atlantic, “Joe Biden’s Vice President Could Be the Most Powerful in History”**
The Atlantic argues that Joe Biden’s selection of a female running mate will serve as a guide for the Democratic Party’s agenda, both during and after a Biden presidency.
- **Harper’s Magazine, “In Plain Sight: The search for Syrian war criminals in Europe”**
Harper’s Magazine delves into the story of how a former high-ranking Syrian security officer living in Germany under false pretenses was identified and then prosecuted for war crimes; hundreds of such officials are estimated to have absconded to Europe.

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