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Populist leaders in Mexico and Brazil reap political dividends despite poor virus management

Voter support remains strong while the death toll climbs

Brazilian President **Jair Bolsonaro** and **Mexican** President **Andrés Manuel López** Obrador have both downplayed the threat of the virus. To date, the approach has proven an effective political tool, if not a successful public health strategy. Despite Brazil and Mexico having the second and fourth highest death tolls globally, the impact on approval ratings appears to be limited. Based on meta polling data compiled by Oraculus, Obrador's approval rating has only fallen 3 percent since the onset of the pandemic, with a low point of 57 percent. In April Obrador labelled social distancing guidelines "authoritarian." In June his approval ratings actually increased. Obrador was then arguing the most difficult part of the pandemic was over. That week, Mexico averaged 4,248 cases and 723 deaths per day. In response, Obrador urged citizens to prepare for the "new normal" by remaining optimistic, avoiding junk food and seeking out spirituality.

Bolsonaro's approval rating reached its highest point in August since he took office in January 2019. 37 percent of those surveyed in August rated Bolsonaro's government as either great or good, a 5 percent increase from a poll in June. Throughout the pandemic, Bolsonaro has persistently refused to adhere to social distancing guidelines, labelling the virus "a little flu." The economic outlook is dire and worsening. Brazil's economy contracted 9.7 percent in the second quarter, compared with a 5.9 contraction in the first quarter. Mexico's GDP contracted 17.1 percent in the second quarter, compared with a 1.6 percent contraction in the first quarter. Support is strong among informal workers who cannot afford to socially distance, which may be having a bearing on approval ratings. Whether voter approval will withstand a protracted economic downturn remains to be seen.

Gusmao's bold dreams on hold

Tasi Mane looks increasingly unlikely to be realised

Timor-Leste's first president and former prime minister Xanana Gusmao, has long championed the creation of a domestic petroleum industry as a means of catalysing economic development. Under Gusmao's vision – the $US18 billion Tasi Mane project – hydrocarbons from the Greater Sunrise Field would be refined onshore in Timor-Leste, rather than in Darwin. Gusmao has likened Tasi Mane to the independence struggle and has made progress on several fronts, gaining a 57 percent stake in Greater Sunrise and negotiating a new maritime boundary agreement with **Australia** in 2019.

One of the main hurdles has been the logistics of building the required 286km pipeline across a 3,000 metre deep sea trench in the Timor Sea. 2020 has thrown up additional obstacles in the form of depressed oil and gas prices and local politics. In June, Gusmao's Timorese Reconstruction Party was ousted from power, while Gusmao's ally and former TimorGAP (state oil company) CEO Francisco Monteiro, was sacked. There has been little public word of Tasi Mane since. **China** previously rebuffed Gusmao's request for a $US16 billion loan. Absent a colossal Chinese loan made for geostrategic ends, Tasi Mane looks to be a non-starter.

RCEP nears completion

If realised, RCEP would be the world's largest free trade agreement by some distance

With the bulk of the Regional Comprehensive Economic Partnership (RCEP) agreement concluded last year, a formal agreement may now be signed as early as November. For political reasons, some ministers may be hoping that the exigencies of COVID19 preclude in-person travel and one of ASEAN's infamously awkward handshakes. Although often portrayed as a **China-**led agreement, RCEP is the brainchild of ASEAN. The aim of RCEP is to create a free trade agreement encompassing ASEAN and its FTA partners **South Korea**, China, **Japan**, **Australia** and **New Zealand** – some 2.3 billion people all up. Originally, RCEP was also to include **India**. However, New Delhi walked from the talks last November over concerns that its inefficient agricultural sector – which employs approximately 50 percent of Indian workers – would be unduly exposed. Concern over India's $US48.7 billion trade deficit with China and lingering historical aversions to free trade were also factors. Australia and Japan have consistently lobbied New Delhi to reverse its decision to no avail.

If concluded, RCEP will provide something of an ironic spectacle. Japan will have signed a trade deal with South Korea despite being embroiled in a longstanding trade spat. Another irony would be China adding to its pre-existing FTA with Australia despite deploying a diplomatic deep-freeze and punitive trade measures.

The greatest threat to peace – Armenia or Turkey?

President Erdoğan vows support for Azeris, while driving a peace deal further out of reach

Turkey's aggressive posturing is likely to lead to further escalation in the dispute between **Armenia** and **Azerbaijan** in the Nagorno-Karabakh region. Renewed fighting has left hundreds wounded and over 100 dead. There are no open diplomatic channels between Armenian President **Aliyev** and Azeri Prime Minister **Pashinyan**. President **Erdoğan** appears bent on stoking the fire, labelling Armenia "the greatest threat to peace" in the region. Syrian proxies are being contracted by a private Turkish security company as "border guards" – up to 4,000 Syrian men are already there.

The stability of the nearby regional energy hub is critical to Turkey's energy security – a motivating factor for interference. At the very least, the conflict presents another opportunity for Erdoğan to assert himself as the regional strongman and showcase Turkish military hardware. Despite Erdoğan's claims of his commitment to his Azeri "brothers", he may be driving a peace deal further out of reach.

A Chinese debt-trap in Laos?

The move to take control of Laos' electricity grid is not necessarily part of a coordinated strategy

In early September, **China** officially gained majority control over **Laos**' electricity grid. Under the terms of the deal, state-owned enterprise China Southern Power will take over the running of the grid from Laos state-owned company, Électricité du Laos. The tiny southeast Asian country has borrowed heavily from China – especially for high-speed rail and hydropower projects. Debt to China may now be as high as 45 percent of Laos' GDP. Although Laos would likely have been eligible for assistance from the IMF, it appears to have opted to reach a deal with China instead – possibly to avoid the financial transparency requirements associated with IMF assistance.

The takeover of Laos' grid has inevitably raised concerns about debt-trap diplomacy. While much has been made of this supposed Chinese tactic, outside of a small number of cases including **Sri Lanka**, **Tajikistan** and now Laos, there are few examples of this phenomenon. China has – albeit somewhat reluctantly – also recently participated in global debt relief initiatives. At least for now, there is not much to suggest that Beijing is prosecuting any kind of debt-trap grand strategy. However, western and allied governments as well as multilaterals will no doubt continue to monitor the situation keenly.