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Turkey: *Local Elections a qualified vote of confidence for the AKP government*

On 29 March local elections were held in Turkey. The elections were viewed in many quarters as a referendum on the policies and leadership of the AKP government in Ankara led by Prime Minister, Recep Tayyip Erdoğan. The AKP had set its sights on a target of 50 per cent of the popular vote, an increase on the 47 per cent it garnered in the 2007 General Election. The final results in which the AKP gained 39 per cent of votes across the country represented a slight decline from the 41.4 per cent in the 2004 local elections. The governing party retained 10 out of the 16 major cities including Istanbul and Ankara. The CHP and MHP both increased their share of the vote and cemented their support along the Aegean and Mediterranean coasts whereas the AKP lost some ground in the Kurdish southeast after a breakthrough there in 2007.

The AKP fell below both its target and its recent performances in the last two elections –an outcome that has prompted action by the AKP leadership. On Monday, the AKP Central Executive Board met during which PM Erdoğan announced that the party would be taking steps to reinvigorate the EU accession process and accelerate long-awaited constitutional reform. Additionally, it became clear that there will be a shake-up in the Cabinet and the party administration. It is anticipated that a number of long-serving ministers and those representing regions where the AKP performed poorly will be shuffled out of the Cabinet, these likely include Finance Minister Kemal Unakitan, State Minister Kürşad Tüzmen, Transportation Minister Binali Yıldırım, Energy and Natural Resources Minister Hilmi Güler, and Development and Public Works Minister Faruk Özak. Minister Tüzmen was charged with responsibility for foreign trade and was a key interlocutor with foreign investors.

PRAD's View: The results of the election are both a victory for the AKP as well as a mid-term chastening for the party. Still, the AKP remains the most popular and largest party in the country, yet the results are a far cry from the 50 per cent support that the party's leadership sought. The decline in support for the AKP and the increasing support for the opposition parties conveys a number of messages. Firstly, the results are typical of mid-term elections generally where the electorate provides a reminder to the governing party that its political power is not absolute and that it needs to be mindful of the impact its policies have both nationally and regionally. Secondly, it is a



wake-up call to the AKP that allowed its reform agenda to slip in 2008 while it was preoccupied with the constitutional court case brought against it, the Ergenekon investigation, and a number of key foreign policy priorities. It was a strong reform agenda that brought the AKP to power and won them new allies during their first term in power which contributed to their broad-based victory in 2007. The party will need to guard against letting this agenda slip further if it is to maintain its position as a pragmatic party of power in the face of what remains ostensibly an opposition that is still largely bound by ideological politics. Investors will be looking for a renewed commitment to reform and the signing of a delayed, new IMF stand-by agreement this month. (A. Bennett)

LATIN AMERICA / AMERIQUE LATINE



Dominican Republic: *Political instability ratings vault the DR into a new set of peers*

In Economist Intelligence Unit's recent report, *Manning the Barricades*, the Dominican Republic (DR) is in the "Very High" risk category for political instability, ahead of Ecuador and Angola but behind Ukraine and Bangladesh. According to the report, the DR's vulnerability to the global economic crisis pushes political risks over into the riskiest category. Should exporters and investors be worried?

PRAD's View: President Leonel Fernández of the Dominican Liberation Party (PLD) is credited with reviving and stabilizing the economy after the banking-related crash of 2003. However, citizens are increasingly disillusioned with corruption, drug-trafficking related crime, and the government's inability to improve services in core areas such as health, water, education and energy.

There is also some anxiety that the ruling party's democratic credentials are eroding. In January 2009, Fernández proposed constitutional reform that includes relaxing term limits and allowing greater concentration of power in the Executive. In addition, voters are also likely facing less choice in the 2010 legislative elections. In the 2006 elections the Social Christian Reformist Party (PRSC) was reduced to a rump, and ambitious PRSC politicians have been moving over to the PLD. This could result in the DR's 3-party system becoming a 2-party system. At the same time, the current disarray in the Dominican Revolution Party (PRD) points towards continued rule by the PLD.

A disgruntled, frustrated electorate with no real means to express their displeasure through political choice creates preconditions for social unrest and violence, as does the insecurity borne of drug-related crime and its corrupting effects. The economic crisis is putting any improvement in government effectiveness further out of reach. Businesses may have to brace for large protests and increased exposure to crime and corruption. They are also unlikely to get any relief on the electricity supply front. A full-blown political crisis, however, is not likely in the foreseeable future. (B. Grinfeld)



El Salvador: *Former Marxist guerilla wins presidential bid: what to expect now?*

On 15 March, after a long and divisive electoral campaign, Salvadorans elected Mauricio Funes of the former Marxist guerrilla Farabundo Marti National Liberation Front (FMLN), as their new President. This has put an end to 20 years of uninterrupted conservative rule by the right-wing National Republican Alliance (ARENA). Funes, a former television journalist who calls himself "El Salvador's Obama" and led the polls for most of the electoral campaign, faced ARENA's candidate former police Chief Rodrigo Avila. Funes will officially be sworn in as new president on 1 June 2009.



PRAD's View: Political stability is gradually returning since the civil war ended in El Salvador in the early 1990s. However, the political environment remains polarized between the right-wing ARENA and the leftist FMLN. Although neither side wishes to risk a return to political violence, Salvadorans witnessed a long and divisive electoral campaign where ARENA repeatedly appealed to voters to save their country from communism. This is the first presidential victory for a party other than ARENA since the end of the war, and it suggests that a shift in the country's policy-orientation is poised to take place in the short to medium-term.

Many observers fear that the new government will increase state intervention in key sectors of the economy, such as mining and port operations. In response to this, President-elect Funes has repeatedly declared that his governing style will resemble that of Brazil's Lula da Silva, instead of that of Venezuela's Hugo Chavez, and that he will seek to promote an investor-friendly environment. However, the FMLN leadership and even Vice-President-elect Salvador Sanchez Ceren, have been talking about the necessity to pull the new administration to the left, as they interpret their victory as a popular mandate for change.

Still, the fact that the FMLN became El Salvador's largest parliamentary faction after the January 2009 legislative election does not guarantee that it will have a working majority in the Congress. This could potentially frustrate the legislative process in the short-term, but it could also force political parties to cooperate and engage in consensual decision-making in order to pass legislation.

El Salvador faces high levels of poverty and rising unemployment rates, the latter as a consequence of the country's dependence on the US. This is expected to dominate the Funes' agenda during the first part of his administration. In addition, efforts to tackle corruption, smuggling and drug trafficking, as well as the increasing incidence of violent crime are the most pressing challenges for Salvadorans and their new government. Expectations are therefore high for the new FMLN government and PRAD believes that it will face tough times as a consequence of both the global economic slow-down and the above-mentioned political polarization. (J. Rave)

MIDDLE EAST / MOYEN-ORIENT



Qatar: *Scenes from the Arab League Summit*

Qatar is hosting 2009's Arab League Summit in Doha. The conference is often the source of controversy in the Middle East; where Arab leaders meet to air their grievances and participate in the political theatre to support their domestic policies and jockey for leadership in international matters. Last year, the summit revolved around the ongoing power-struggle in Lebanon. Previous years have been witness to: the development of the Arab Peace Initiative, discussions about the Palestinian *intifada* and the War in Iraq. This year, the arrest warrant for Sudan's President Bashir and the Israeli war in Gaza have been the hottest topics. Some controversy was also provoked by the non-attendance of Egypt's Hosni Mubarak and an outburst by Libya's Muammar Qaddafi.

PRAD's View: There was considerable discussion in the international community about whether Bashir would be arrested the moment he left Sudanese territory. He was willing to test that by visiting Doha and was rewarded by a unanimous resolution from the body that they rejected the International Criminal Court warrant.

The fallout from Israel's Operation Cast Lead was the catalyst for much of the remaining excitement. While Israel was derided as an aggressor, it was the actions (or perceived inaction) by



certain leaders that stirred the most controversy. Speculation is rife that Mubarak stayed home to avoid facing accusations of his complicity with Israel. The other possibility is that he intended to send a message to the Qatari Emir that he did not appreciate the Emir's meddling in negotiations between Hamas, Egypt and Israel. Meanwhile, Qaddafi interrupted the opening speech and called Saudi King Abdullah "A British product and an American ally", he went on to call himself "the dean of the Arab rulers, the king of kings of Africa and the imam of Muslims" before storming out.

That the summit ended a day early and with hardly any political progress is a disappointment but not a surprise. Iraqi debt forgiveness failed to materialize and because Hamas was not welcome and Egypt was hardly present, so did any kind of statement about Palestine/Gaza. Summing up the reaction to the conference, a Saudi Editor quipped "that the problem isn't that Arab leaders don't meet, it's that they do."

Sometimes no-news is news. (A. Fysh)

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