

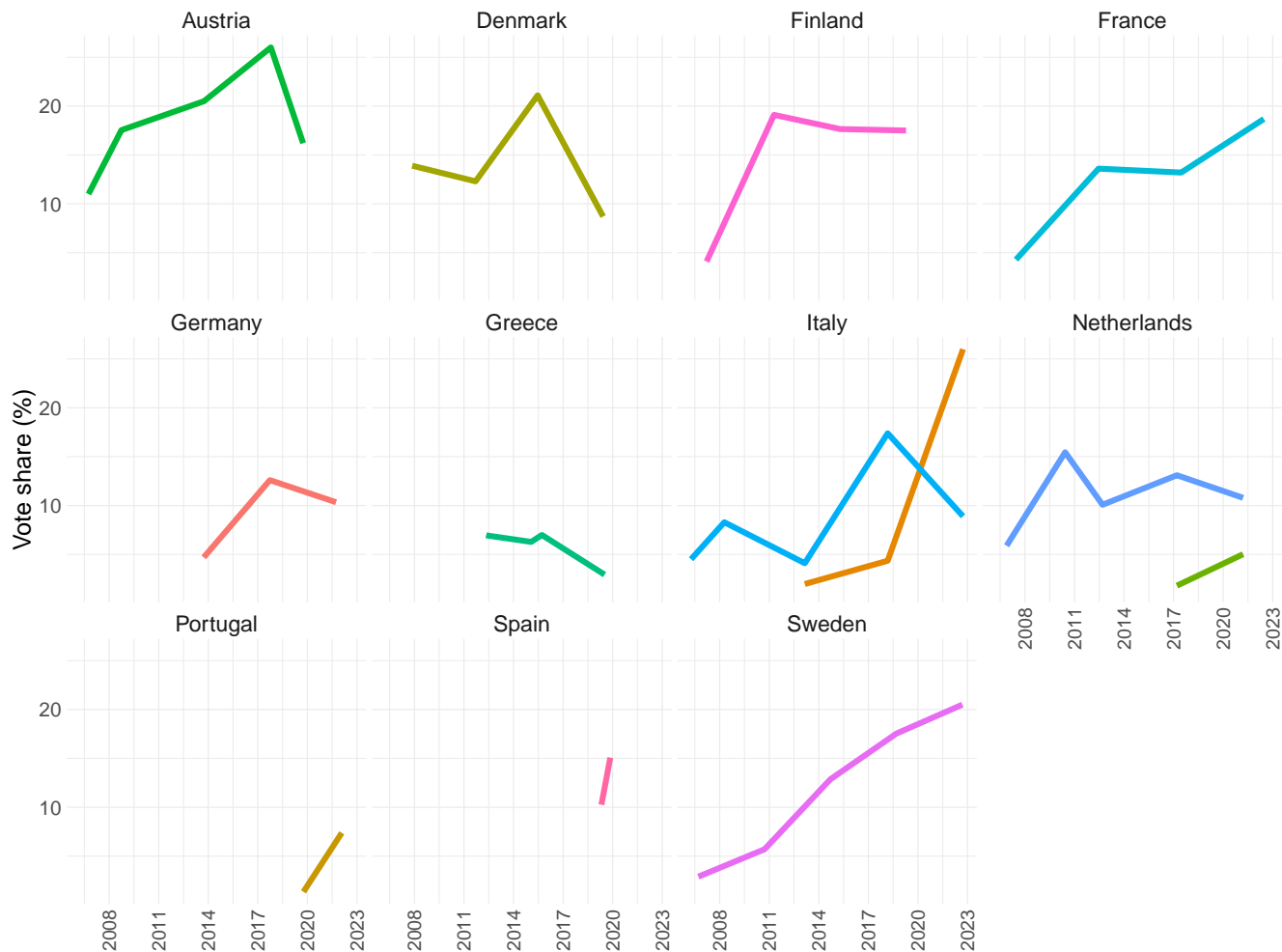
WEEKLY POLITICAL COMPASS

This week, the first round of **Brazil's** presidential election takes place, with a first-round victory for former president Luiz Inacio Lula da Silva not impossible. Giorgia Meloni of the right-wing Brothers of Italy party is set to become **Italy's** first female PM. Meanwhile, sham referendums on joining Russia held by Moscow-backed occupation authorities in four regions of **Ukraine** will conclude on 27 September. In **Japan**, Prime Minister Fumio Kishida will hope for a gradual return to political normality once the state funeral for divisive former premier Shinzo Abe takes place this week. In **Nigeria**, 28 September 2022 will mark the official start of election campaigns for Nigeria's political parties.

CHART OF THE WEEK

Radical right parties are a structural feature of contemporary politics across western Europe

Vote share for radical right parties in parliamentary elections (%)



Source: ParlGov

The recent electoral success of radical right parties in Italy and Sweden shows that these parties are still appealing to a relatively broad electorate of discontents. While Sweden's radical right party (Sweden Democrats) is unlikely to be formally part of the new right-wing cabinet, Giorgia Meloni – the leader of Italy's Brothers of Italy – will become Italy's prime minister. Similar parties have been junior coalition partners in the past in countries such as the Netherlands, Austria, or Italy; in the next Italian cabinet they will be in the driving seat. The chart shows, however, that this upward trend is not inevitable, with radical right parties suffering important defeats in some countries (Austria, Denmark) or remaining relatively stable (Netherlands, Germany). Yet this hides an important development: the increasingly accommodative stance of some centrist parties towards the policy positions of radical right parties, particularly on migration issues and asylum policies.

WHAT TO WATCH

Brazil

Jair Bolsonaro is likely to double down on personal attacks against Luiz Inacio Lula da Silva while returning to his original brand of far-right discourse ahead of the first round presidential election on 2 October. Bolsonaro's numbers have improved in the crucial south-east region but the difference between him and Lula remains at more than ten percentage points even there. Lula leads in 14 of the 27 federal entities, Bolsonaro leads in seven, and they are technically tied in five. Differences in the polls in the preferences of women (53% of the total electorate), residents of the Northeast (27%), and workers with incomes below two minimum wages (38-50%), along with Bolsonaro's rejection at more than 50%, point to an eventual Lula victory in the run-off vote to be held on 30 October. With 50% of the valid votes in the polls, the possibility of a Lula first-round victory hinges on unpredictable developments this week. Debates and officially-funded TV or radio ads are not permitted after Thursday, 29 September (3 days before the elections). Polls can be released until 1

October (one day before the elections). Commotion by Bolsonaro supporters is expected in case of a Lula victory in the first round.

Italy

Giorgia Meloni, 45, head of the right-wing Brothers of Italy party, is set to become Italy's first female PM. She will head a coalition of right-wing parties that secured 44% of the vote in the 25 September election. The consultation talks to form a new government, managed by President of the Republic Sergio Mattarella, are expected to start on 17-18 October, once the speakers of both chambers have been elected. A new government could be in office, at the earliest, by the end of October.

China

Rumors circulating in offshore Chinese media that President Xi Jinping is facing a military coup are not credible. Sensational rumors often circulate ahead of the Communist Party's [five-yearly Party Congress](#), which will convene on 16 October to select a new slate of top leaders.

Japan

The state funeral for divisive former premier Shinzo Abe will be held at Tokyo's storied Budokan hall on 27 September. Public anger around the commemoration and the ruling LDP's long-observed ties to the controversial Unification Church have seen the government's approval ratings slump in the ten weeks since Abe's death. But with no credible challenge to his authority emerging from within the LDP or elsewhere, Prime Minister Fumio Kishida will hope for a gradual return to political normality once the event passes and the new Diet term begins in October.

ON THE HORIZON

ASIA PACIFIC

Hong Kong

Hong Kong will eliminate a requirement for three days of self-paid hotel quarantine for inbound international travelers after two and a half years. The previous requirement for a pre-flight PCR test will also be replaced by a rapid antigen test.

Japan/China

The 50th anniversary of the establishment of diplomatic ties between Japan and the PRC on 29 September offers the opportunity for fresh conciliatory gestures, following bilateral frictions over the summer in connection with Taiwan. Such moves could pave the way for a summit between Fumio Kishida and Xi Jinping later in this year.

Thailand

The Constitutional Court will rule on 30 September on whether Prime Minister Prayuth Chan-ocha has breached the eight-year term limit under the 2017 Constitution. There are three possible outcomes: (a) his term ended on 23 August 2022, if the reckoning date is from when he first became PM in 2014; (b) the limit is 2025, based on the constitutions' approval date; or (c) the limit is 2027, based on his first election into office in 2019.

EUROPE

Russia/Ukraine

The sham referendums on joining Russia held by Moscow-backed occupation authorities in the Luhansk, Donetsk, Kherson, and Zaporizhzhia regions of Ukraine will conclude on 27 September. Following the so-called referendums,

Moscow is expected to swiftly annex these regions, possibly by the end of this week. As previously noted, Russia's treatment of these regions as its own territory could pave the way for further escalation of the war, including ultimatums backed by nuclear threats. In response to the fake referendums, the US and the EU are preparing a new package of sanctions on Russia, which might target more individuals and entail trade restrictions on diamonds, steel products, machinery, chemicals, and electronics. The EU countries are also discussing a potential price cap on Russian oil, but so far, no agreement has been reached.

Bulgaria

Snap parliamentary elections scheduled for 2 October are expected to result in another highly fragmented parliament and a challenging government formation process. While the center-right Citizens for European Development of Bulgaria is set to win most mandates and get the first chance at forming the government, it will face an uphill battle to find majority support in parliament. Similarly, polling data suggests that the former ruling coalition parties We Continue the Change, the Bulgarian Socialist Party, and the Democratic Bulgaria alliance are also unlikely to secure the majority needed to form a government. Unless any of the leading parties choose to cooperate with the far-right pro-Russian Revival, a technocratic cabinet or another early vote might be the most likely outcome.

Latvia

The ruling New Unity (JV) party led by Prime Minister Krisjanis Karins is set to win the regular parliamentary elections scheduled for 1 October and lead the formation of a new coalition government. Overall, the 100-seat parliament will remain extremely fragmented with up to 11 electoral lists holding realistic chances of winning seats. In order to form a majority government, JV could be expected to cooperate with the current coalition partners the right-wing National Alliance, the liberal Development/For!, as well as some smaller pro-Western parties. A JV-led coalition government would bode well for political stability and reform continuity.

LATIN AMERICA

Chile

Pragmatism should keep trade policy on track as the Senate prepares to ratify Chile's membership of the Trans-Pacific Partnership (CPTPP). The issue has raised important differences within President Gabriel Boric's coalition. Cabinet pragmatists led by Finance Minister Mario Marcel last week fully endorsed Chile's membership in defiance of left-leaning elements within the governing coalition who have criticized the agreement as being too "neo-liberal". Uncertainty has been augmented by the fact that the deputy minister in charge of trade policy, Jose Miguel Ahumada, is a noted free trade skeptic. However, there is little that Boric can do to block ratification of CPTPP since the opposition CV and center-left pragmatists have the numbers in the Senate to push ahead and seal the issue; the lower house passed the initiative back in 2019.

MIDDLE EAST AND AFRICA

Nigeria

In line with the latest electoral law, 28 September 2022 will mark the official start of election campaigns for Nigeria's political parties. Ahead of this date, the Independent Electoral National Commission (INEC), on 20 September published the final list of candidates competing in the 25 February 2023 national-level elections (presidential, senatorial, and House of Representatives). This will be followed by another publication on 4 October 2022 of the contenders in the 11 March 2025 state-level elections (governorship and State Houses of Assembly). With just under 200 days to go before the general elections, the presidential polls remain too close to call, but a three-horse race is expected between the ruling All

Macro Research
+44 20 7186 8894
Macro@teneo.com

© 2022 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo.