

WEEKLY POLITICAL COMPASS

Welcome to this edition of the Weekly Political Compass from Teneo's political risk advisory team!

This week, we are taking a closer look at **French** pension reform. Meanwhile, **Japan's** ruling party will be strengthened by local election results, **Poland's** prime minister is traveling to the US, **Brazil's** president is looking back on his first 100 days in office, and **Ghana's** bilateral creditors are due to meet. Our graph of the week zooms in on **European views on how to engage with China**.

Should you have questions or wish to discuss any of these stories in greater detail, please do not hesitate to reach out to us!

GLOBAL SNAPSHOT

On 14 April, **France's** constitutional court is expected to deliver its judgment on the recently approved pension reform. Our France expert answers three key questions.

Which outcomes are possible?

The ruling is expected to either a) validate the entire law, b) cancel some aspects of the reform, or c) invalidate the whole bill.

What is the best possible result for the government?

If the court fully or partially validates the law, President Emmanuel Macron would have to sign it within the 15 days following the ruling. However, the judges will on the same day rule on the validity of opposition parties' demand to organize a referendum to keep the retirement age at 62.

What else would be required for such a referendum to be held?

If deemed legal, the initiative would also have to be endorsed by petitions signed by 4.87mn French voters, collected within nine months.

WHAT TO WATCH

ASIA PACIFIC

Japan

Prime Minister Fumio Kishida and the ruling LDP will be strengthened overall by the results of the nationwide unified local elections held on 9 April. Aligned candidates secured 6 of 9 prefectural governorships and 51% of the prefectural assembly seats contested, giving the LDP momentum ahead of the municipal mayoral and council elections and five Diet by-elections upcoming on 23 April. Further electoral success would increase speculation that Kishida could call a snap general election within the year, ahead of the LDP leadership election scheduled for September 2024.

Mainland China/Taiwan

In a rare show of unity, Taiwan's two major political parties published a joint statement condemning mainland military exercises near the island in response to Taiwanese President Tsai Ing-wen meeting with US House Speaker Kevin McCarthy in Los Angeles. Nevertheless, ex-president Ma Ying-jeou's [visit to the mainland](#) last month suggests that his Kuomintang (KMT) will argue ahead of next January's presidential election that the KMT's less confrontational approach to cross-straits relations would produce better results than Tsai's Democratic Progressive Party (DPP).

Philippines

The US, Philippine and Australian militaries are holding joint combat drills in the Philippines from 11-28 April. It is the largest in the three-decade history of the exercises, and symbolizes the swing in Philippine foreign policy back toward the center under President Ferdinand Marcos Jr. after his predecessor's pro-Beijing turn. Earlier this week, the Philippines announced the locations of the four additional bases where US troops will be allowed access, three of which are in the northern Philippines and one on Palawan, which lies off the South China Sea.

EUROPE

Poland

On 11 April, Prime Minister Mateusz Morawiecki (Law and Justice, PiS) started his three-day visit to the US with the aim of deepening cooperation in the fields of the economy, energy and defense. Russia's invasion of Ukraine and persisting tensions between Warsaw and Brussels are driving Poland's efforts to strengthen strategic cooperation with the US which is seen as the main guarantor of security of Poland and the CEE region more generally. The visit might be overshadowed by questions on media freedom, the rule of law and human rights issues in Poland.

LATIN AMERICA

Argentina

The monthly inflation rate for March will be confirmed on 14 April. February's rate of 6.6% is seen as a floor, with some forecasting the rate for last month will hit 7%. The 12-month rate to the end of February stood at 102.4%. In political terms, this is likely to hit Economy Minister Sergio Massa, whose chances of winning the presidential nomination for the Peronist Front for All (FdT) coalition hinge on his economic stewardship. If the Massa brand proves damaged beyond repair by his failure to fix the economy, and assuming Vice-President Cristina Fernandez (CFK) remains true to her word that she will not run, the FdT lacks a strong candidate. While many from the FdT will be hoping that CFK can pull off another surprise by coming up with a new election-winning formula, it is not clear who can realistically lead a battered and divided Peronist movement to victory.

Brazil

The first 100 days of the third Lula administration were a mixed bag of difficult negotiations with Congress and the restoration of flagship social programs from previous mandates. Many of the achievements took place even before inauguration (1st January), during the transition government, such as the negotiation of a constitutional amendment to free BRL 165bn (USD 33bn) for spending in 2023. The coalition built across branches of government and states following the storming and ransacking of the nation's capital a week after inauguration was a significant boost to governability. Since then, the administration has been focusing, with limited success, on establishing the political conditions in Congress to pass a new fiscal rule to stabilize spending and hit the ground running on a consumption-side tax reform.

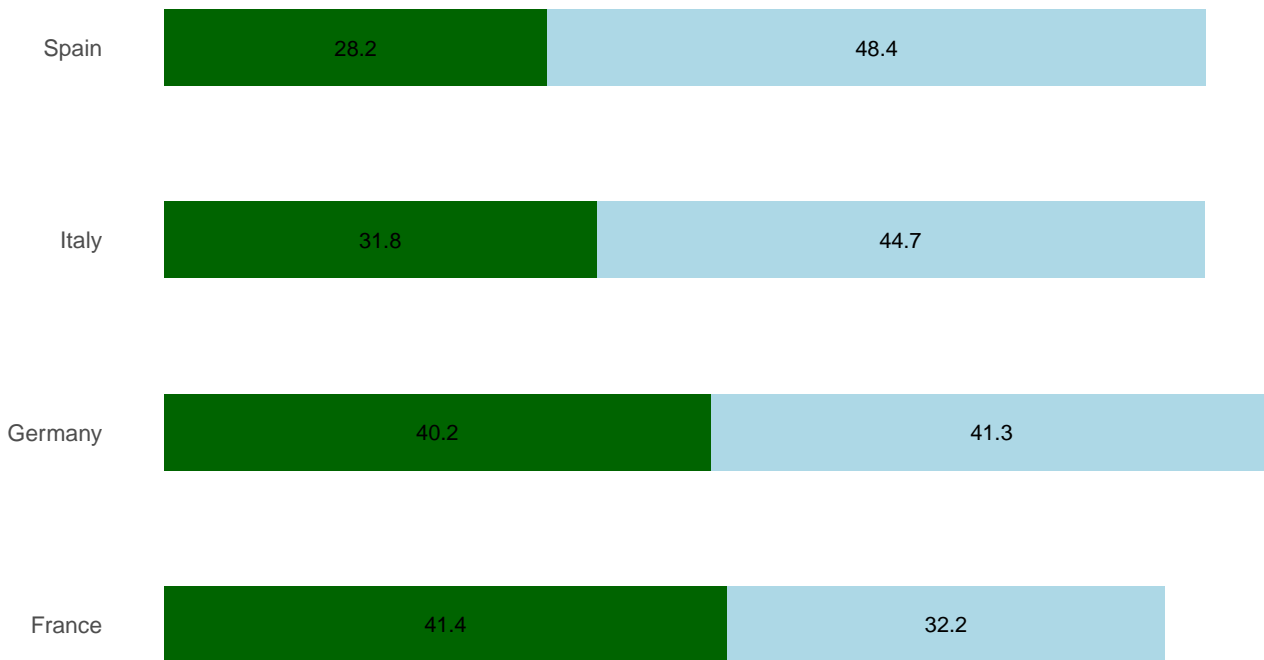
MIDDLE EAST AND AFRICA

Finance Minister Ken Ofori Atta has suggested that Ghana's bilateral creditors (Paris Club) are due to meet today, 11 April, with their Chinese counterpart to discuss debt relief for the country. The meeting is deemed crucial; if a deal is agreed, it would bring the West African country one step closer to securing the International Monetary Fund (IMF)'s Executive Board approval of the USD 3bn bailout loan agreed in December.

GRAPH OF THE WEEK

Europeans are divided on how to engage with China

- My country should reduce its economic relationship with China even if it causes economic losses
- My country should not reduce its economic relationship with China



%

Source: Morning Consult. Survey conducted online between February 10th 2023 and February 13th 2023. Europeans – including both voters and policy elites – remain divided on **how to engage with China**. A recent poll shows that in none of the four largest European economies there is a clear majority around what the policy towards China should be. While in France and Germany around 40% of the population supports reducing economic ties even if this is detrimental economically, this figure is much lower in Spain and Italy, where a majority believes that their country should not reduce its economic relationship with China. As geopolitical rivalries become more relevant, respective opinions are likely to matter more and more politically in the coming years.

Geopolitical Research

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