

## 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 **Thailand's** electoral outlook. Meanwhile, **Japan's** Prime Minister Fumio Kishida embarks on an extensive international trip. Politics faces a reset in the **Netherlands**. In **Argentina**, a provincial primary is becoming a proxy for a hotly contested presidential nomination battle. Finally, **Kenya's** President William Ruto faces challenges on his tax plans and from the streets.

Our graph of the week zooms in on global perceptions of success, meritocracy, and inequalities.

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

**Thailand's** parliament is scheduled to vote for the country's next prime minister on 13 July. Our Southeast Asia expert [Bob Herrera-Lim](#) examines the outlook.

#### What will happen this Thursday, 13 July?

So far, there are no signs that Move Forward Party (MFP) leader Pita Limjaroenrat has the 376 votes needed to be elected.

#### What's the outlook beyond this week?

Should parliament fail to elect a PM this week, it will hold two more votes on 19 and 20 July, though MFP is pushing for more until Pita gets to 376 (which could be accompanied by demonstrations in the streets to pressure the senators).

Alternatively, MFP's difficulty in securing the PM position could give the For Thais party an opportunity to present itself as a compromise alternative, without breaking from the coalition.

### WHAT TO WATCH

#### ASIA PACIFIC

##### Japan

**Prime Minister Fumio Kishida kicks off a nine-day trip to Europe and the Middle East by attending the Vilnius NATO summit on 11-12 July.** He will move to Brussels on 13 July for an EU-Japan summit, then Saudi Arabia, UAE, and Qatar from 16 to 19 July. Traditional and economic security vis-a-vis China will be a top concern for Kishida on the European leg

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of the trip, with energy security and cooperation on cleaner [technologies like hydrogen](#) on the agenda in the Middle Eastern leg.

## China

**The People's Bank of China announced a one-year extension of policies to postpone loan repayments by housing developers to allow them to complete unfinished construction projects.** Lack of confidence among potential homebuyers that developers can [deliver presold apartments](#) has been a significant factor behind weak home sales.

## EUROPE

### Netherlands

**Following Mark Rutte's resignation as prime minister and from Dutch politics, new elections are most likely to be held in November.** Rutte will serve as caretaker in the meantime. The longest serving PM in Dutch history, Rutte has lost popularity in recent years. However, his strict position on immigration brought down the government but has strong support among voters. In contrast, Rutte's two main coalition partners, the social-liberal D66 and the Christian Democrats, are ailing in the polls. Rivalling Rutte's center-right Liberals (VVD) for pole position is the populist Farmer Citizens Movement (BBB) which is, however, struggling to find candidates for government top jobs. With other main parties also facing personnel problems, a new VVD leader might retain the party's role as the largest centrist force in a fragmented system of complicated coalition politics.

### Turkey/NATO/Sweden

**Despite intense pressure from its Western allies, Turkey is unlikely to drop its objections to Sweden's bid for NATO membership during the alliance meeting in Vilnius (11-12 July).** President Tayyip Erdogan's last-minute attempt to link Sweden's membership in NATO with Ankara's accession to the EU suggest he is looking for a further excuse to extend the diplomatic impasse.

## LATIN AMERICA

### Argentina

**Santa Fe province holds its obligatory gubernatorial primaries on 16 July ahead of its election proper on 10 September.** The province is significant because it accounts for around 8% of the national electorate. Most significantly, the Santa Fe primary has become a proxy for the bigger contest between Patricia Bullrich and Horacio Rodriguez Larreta, who are vying to be the presidential candidate of the Together for Change (JxC) coalition. The stakes are high for Bullrich and Larreta since JxC has a very good chance of winning the October/November elections. In Santa Fe, Bullrich's candidate is Carolina Losada, a senator, while Larreta's is the former provincial security minister Maximiliano Pullaro. Most polls suggest that Bullrich is just ahead of Larreta in the presidential primary race, which will take place on 13 August.

### Brazil

**Votes last week at the House of Representatives constituted a great victory for Speaker Arthur Lira but benefit the government significantly.** The so-called "super week" saw the approval by the House in two rounds of a tax reform and a bill favoring the government in tied votes by a federal tax appeal board (CARF) on challenges raised by companies and individuals. The tax reform was led by House representatives and still has to go to the Senate where it should not face major difficulties. The CARF bill was a major victory for the government since it should generate close to BRL 60bn (USD 12bn) in annual revenues for the government and thus contribute significantly to the fulfillment of the Lula Administration's commitment to zero the primary budget deficit in 2024. Last week's approvals also augur well for the approval of the new fiscal framework at the House upon its return with modifications from the Senate a few weeks ago.

## MIDDLE EAST AND AFRICA

### Kenya

**On 10 July, the High Court will rule on the finance act.** If the court were to strike down any specific tax provisions or (at worst) the entire bill, it may complicate the Ruto administration's fiscal plans for FY 2023/24. Opposition to President William Ruto's plans will also be seen on the streets, with the next round of opposition protests planned for 12 July. The protests reflect badly on Ruto less than a year into his tenure, even if the largely localized demonstrations do not represent a threat to overall stability for now.

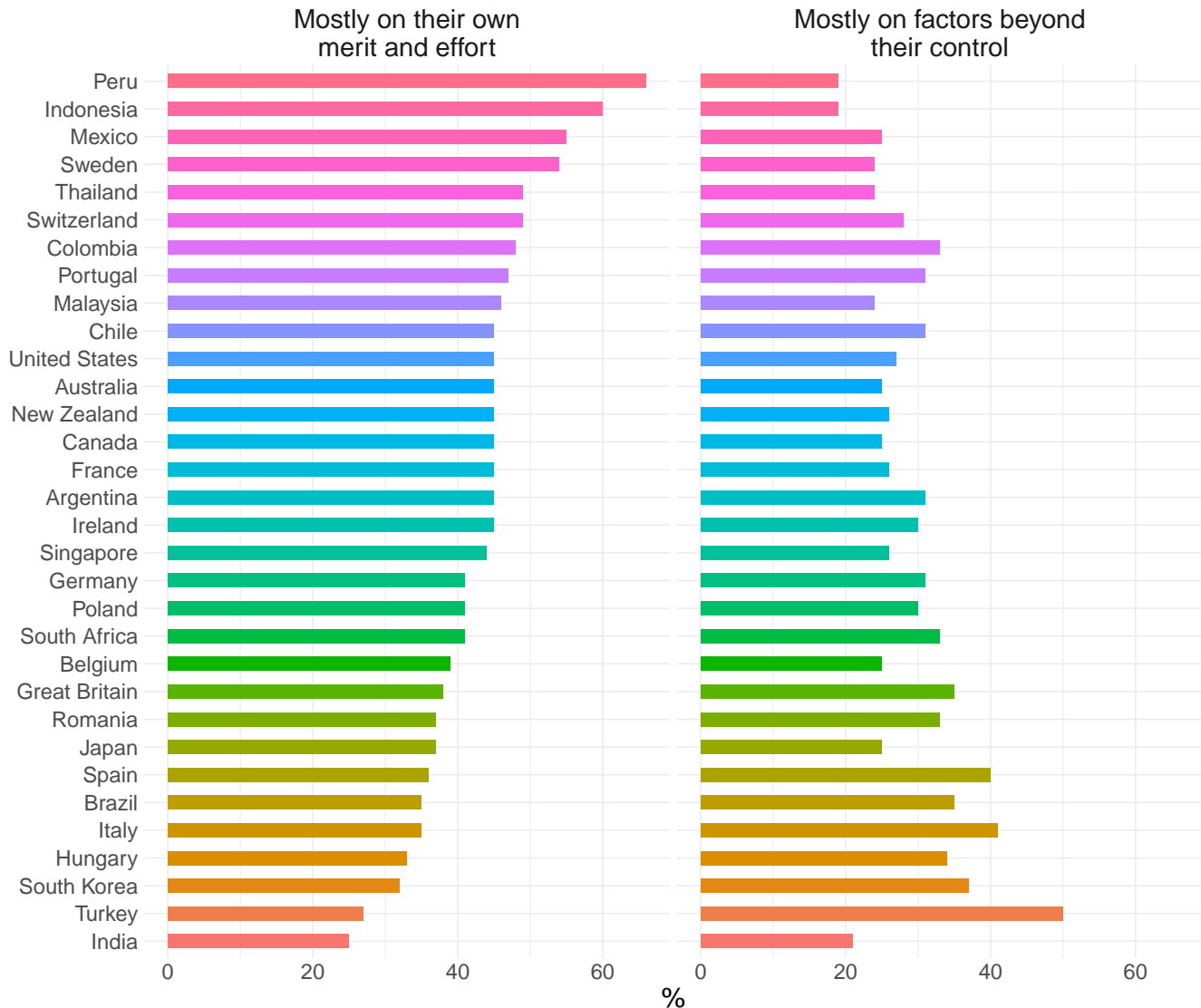
### South Africa

**Recent improvements in power supply will be tested by cold weather this week.** On 9 July, power utility Eskom announced that, on the back of improved generation capacity, load-shedding would be suspended between 0:00 and 16:00 daily, while 'stage 3' would be implemented in the evening hours until further notice. This represents a significant improvement on recent months, when load-shedding up to 'stage 6' was the norm, though the cold snap may put Eskom's assertions of improved energy availability to the test.

## GRAPH OF THE WEEK

## Views on the determinants of success vary importantly across countries

*What determines people's chances of success in your country (% by country)*



Source: Ipsos

The politicization of economic and sociocultural inequalities has increased importantly over the past decade in many countries. While income and wealth inequalities remain an important source of social discontent and political discussion, sociocultural inequalities based on gender, ethnicity, or sexual orientation have also gained attention in recent years. However, citizens across the world have different perceptions on the role that these inequalities play in shaping individuals' success. While meritocratic beliefs that focus on "merit" and "effort" are widespread in Mexico, Sweden, Thailand, and the US, in other countries, such as Italy, Brazil, or Spain, citizens attach greater importance to structural factors, such as economic and sociocultural inequalities.

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