

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 the EU's investigation into **Chinese EV subsidies**. Meanwhile, monetary policy change looks unlikely in **Japan**, the leaders of **Turkey** and **Greece** will meet, and the presidential election campaign starts in **Ecuador**. Our graph of the week zooms in on **UK public opinion on migration**.

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

The European Commission will launch an investigation into the use of subsidies by **Chinese EV producers**. Our China expert [Gabriel Wildau](#) analyses the implications.

How will China respond?

If measures are imposed by Brussels, Beijing's response is likely to be moderate and carefully calibrated. The EU's investigation will have come as no surprise to Beijing, after von der Leyen reportedly flagged the issue to Chinese Premier Li Qiang at the G20 meeting this month.

What explains this moderation?

Unlike various forms of indirect state support, China's EV subsidies are explicit and visible for all to see, which probably reduces Beijing's sense of aggrievement. Moreover, China's leadership probably believes that China's EV industry will thrive despite any EU tariffs, given China's significant lead in EV production and its technological advantages in advanced battery technology.

WHAT TO WATCH

ASIA PACIFIC

Indonesia

The Democratic Party (PD) of former president Susilo Bambang Yudhoyono will announce this week its support for the presidential candidacy of defense minister Prabowo Subianto of the Gerindra party. With this, Prabowo will have the support of parties with 45% of the seats in parliament, even though he is only slightly ahead of former central Java Governor Ganjar Pranowo in a three-way race that includes former Jakarta governor Anies Baswedan. Prabowo may also gain the support of the Islamist Prosperous Justice Party (PKS).

Japan

Monetary policy change looks very unlikely when the Bank of Japan (BOJ) announces its latest decision on 22 September. In a [verbal intervention](#) recently designed to ease pressure on a weakening yen, governor Kazuo Ueda opened the door for a possible cancellation of the BOJ's negative short-term interest rates policy before year-end—if data emerged

suggesting that a virtuous wage-price cycle was being realized. Assuming no policy change this week or on 31 October, the next possible dates for a shift would be 19 December and 18 January.

US/China

US National Security Advisory Jake Sullivan met with the Chinese Communist Party's top foreign policy official, Wang Yi, in Malta on Sunday, in talks that both sides described as "candid, substantive, and constructive." The two sides agreed to hold follow-up talks on political and security developments in the Asia Pacific, maritime issues, and foreign policy, according to both readouts, while the US readout also referenced talks on arms control. But the meeting yielded no further indication of whether President Xi Jinping — who is skipping the UN General Assembly in New York this week — will attend the APEC summit in San Francisco in November.

EUROPE

Turkey/Greece

Greek Prime Minister Kyriakos Mitsotakis and Turkey's President Recep Tayyip Erdogan will meet on 21 September on the sidelines of the UN General Assembly in New York. The main aim of the meeting is restoring trust and to build on the positive atmosphere that has been created since the deadly earthquakes that hit Turkey last February. The two leaders are expected to confirm their will to keep the current calm and normality in Greek-Turkish relations and determine the agenda of the High Level Cooperation Council that will take place sometime before the end of the year.

Ukraine

While attending the UN General Assembly in the US this week, President Volodymyr Zelensky is expected on 21 September to meet his US counterpart Joe Biden, members of Congress and other senior US officials. Zelensky will attempt to shore up support for Ukraine ahead of a contentious vote in Congress on providing Kyiv an additional USD 24bn in humanitarian and military assistance, including longer-range Army Tactical Missile Systems known as ATACMS.

LATIN AMERICA

Brazil

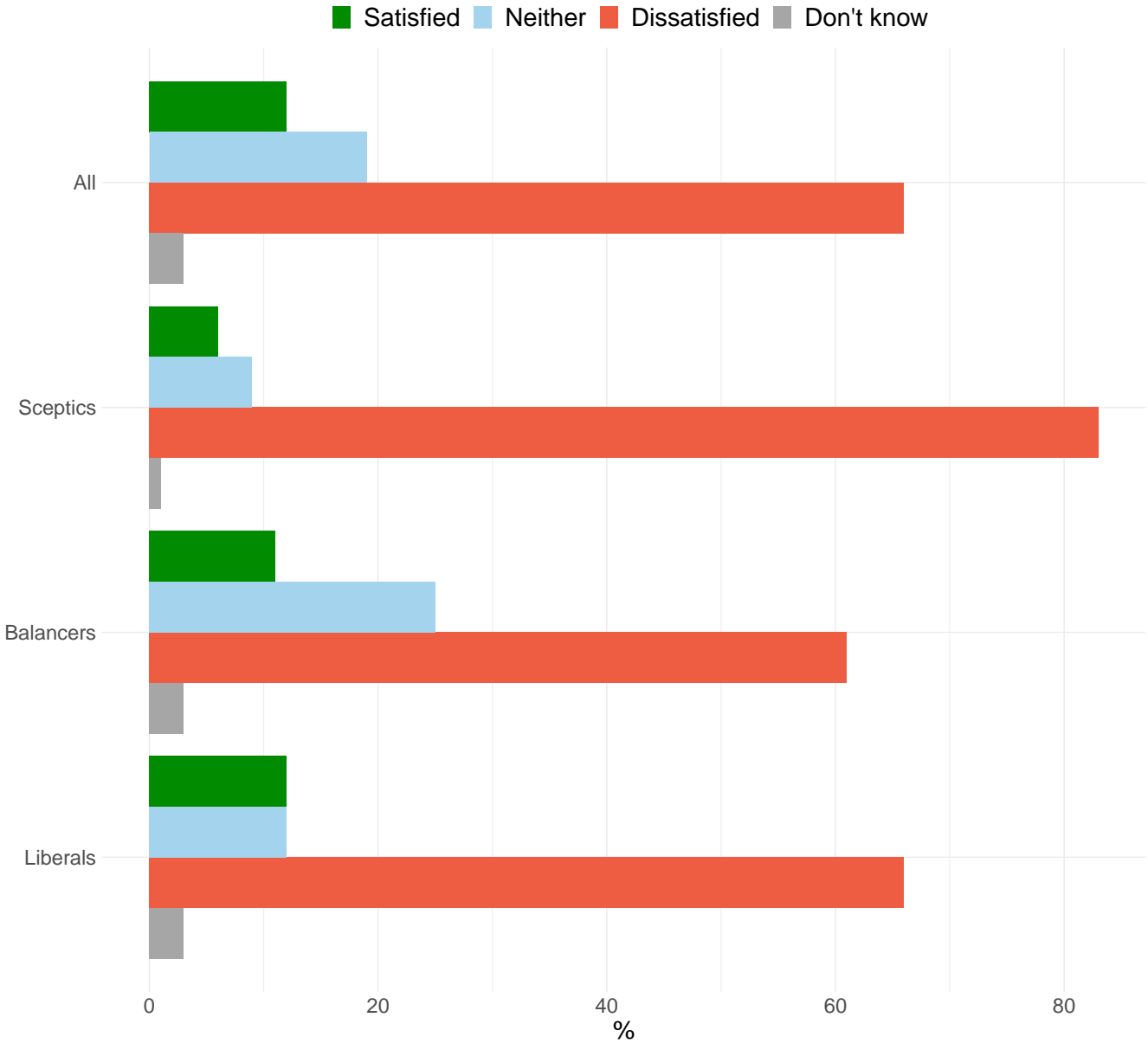
President Luiz Inacio Lula da Silva is in New York for the UN General Assembly following a visit to Cuba for the G77+China Summit over the weekend. In Cuba, Lula condemned once again the US embargo and the inclusion of Cuba in the list of terrorism-sponsoring states. The president's participation in the UNGA is hoped to crown his efforts towards a Brazil "come-back" to the international community. It is also expected that he and US President Joe Biden launch a global "decent work" initiative during the assembly, in addition to having a bilateral meeting on the sidelines. Besides attempting to restore bilateral good will with the US following Lula's recent overtures towards China and his insistence on a cease-fire in the Russia-Ukraine war along with other BRICS countries, the two leaders should address climate change issues and Biden's promise made in February to donate to the Amazon Fund, which has since then increased ten-fold to USD 500bn but still requires congressional approval.

Ecuador

The presidential election campaign officially starts on 24 September ahead of the run-off vote scheduled for 15 October; in practice, both candidates are already in full campaign mode. The most recent poll by Comunaliza put Daniel Noboa of the center-right Democratic National Action (ADN) alliance on 43.1%, up from 39.7% the previous week. Luisa Gonzalez, who is running for former president Rafael Correa (2007-2017)'s leftist Citizen Revolution (RC) party, is on 35.1%; she was on 34% previously. However, according to the same poll, 12.3% of voters remain undecided. Gonzalez has struggled to obtain endorsements from other first-round candidates. The *Construyemovement's* Christian Zurita, who finished third in the first-round vote after the original candidate, Fernando Villavicencio, was murdered, has said he would not back Gonzalez under any circumstances, while Jan Topic, who finished fourth, is backing Noboa.

Dissatisfaction on immigration policy is widespread in the UK

How satisfied are you with the way the government is dealing with immigration?



Source: British Future

Voters across the ideological spectrum are dissatisfied with **the way the current UK government is approaching immigration policy**. Around 80% of immigration-sceptics, who are more likely to vote for the Conservatives, are unhappy about how their preferred party is dealing with this issue. Likewise, voters with more positive views of immigration are also greatly critical of the government’s immigration record. Meanwhile, public salience of immigration is rising again, especially

Geopolitical Research

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among Conservative voters. Migration will also be a key issue to watch across other European countries, not least in the run-up to the 2024 European Parliament elections.

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