

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 **Indonesia's** presidential election. Meanwhile, **Taiwan's** defense ministry detected eight mainland Chinese balloons, **Spanish** regional elections will have a limited impact on national politics, **Venezuela's** president has taken further steps away from democratic restoration, and planned strike action has been cancelled in **Ghana**. Our graph of the week zooms in on **polarizing employment structures**.

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

Defense Minister Prabowo Subianto is likely to win **Indonesia's** presidency in the first round. Our Southeast Asia expert [Bob Herrera-Lim](#) is analyzing the situation.

What are the polls predicting?

Four surveys done late January to early February and released this weekend show Subianto exceeding the 50% + 1 threshold to avoid a June second round in the three-way race. However, a second round cannot be fully discounted because some of the surveys still have him falling short of the hurdle within their margin of error. Voter turnout could be the critical factor, particularly by the under-40 age group as they account for almost 57% of the electorate.

What motivates these younger voters?

Many of these voters are unlikely to have the strong anti-Prabowo sentiments that are primarily based on his controversial military career, which ended in 1998. Prabowo has sought to portray himself as a cuddly grandfather, while appealing to the youth through his choice of Gibran Rakabuming Raka, the 36-year old son of President Joko Widodo, as his running mate. If the elections are inconclusive, Prabowo's second round opponent is likely to be former Jakarta governor Anies Baswedan.

WHAT TO WATCH

ASIA PACIFIC

Japan

The first tranche of the new Green Transition (GX) sovereign bonds will be auctioned on 14 February. Around JPY 800bn (USD 5.4bn) of 10-year bonds will be offered, to be followed by the same amount of 5-year bonds on 27 February. The government intends to raise JPY 20tn (USD 140bn) from GX bonds through 2030, to fund pump-priming investments in transition technologies like ammonia/hydrogen and carbon capture and storage. The government plans to redeem the GX bonds by 2050 with revenues from a new carbon pricing scheme that will start in 2026.

Mainland China/Taiwan

Taiwan's defense ministry detected eight mainland Chinese balloons flying over the Taiwan Strait on Sunday, after the same number crossed on Saturday. Mainland authorities said last month that the balloons are for meteorological research and should not be politicized, but Taipei describes them as acts of psychological warfare and a threat to aviation safety.

Thailand

Former Prime Minister Thaksin Shinawatra could be released in the week of 18 February. The Department of Corrections has prepared a list of inmates eligible for regular and special parole, with Thaksin possibly being eligible for the latter for health and age reasons. The list is now with the minister of justice.

EUROPE

Hungary

President Katalin Novak (nominated by Fidesz) and influential member of parliament Judit Varga (Fidesz) suddenly resigned on 10 February. This should be seen as damage-mitigation by the ruling Fidesz party ahead of local and European Parliament elections scheduled for June. Novak and Varga have been facing strong public criticism over their controversial pardon to a criminal linked to a sexual abuse case involving children, which contradicted Fidesz self-declared anti-pedophilia stance. While Varga announced her retirement from public life, Novak's resignation still requires approval from parliament. If granted, parliament would have to hold a new presidential election within 30 days, where another Fidesz-nominated candidate would be a clear favorite.

Spain

The elections on the Galicia region on 18 February will likely have a limited impact on national politics. The center-right People's Party (PP), which has led the region for the last 15 years, is highly likely to win the vote. However, it is unclear whether it will obtain enough seats to reach an absolute majority this time. Were the PP to lose power because of a worse-than-expected result, the noise around a potential leadership contest to replace Alberto Nunez Feijoo as the party's president would increase. However, Feijoo will likely remain the PP's leader for now, as no other figure has enough internal support to challenge him.

UK

Two parliamentary by-elections on 15 February could again create noise around Rishi Sunak's premiership. Both seats are held by the ruling Conservatives and could be lost to Labour. However, the key signpost to watch is the performance of the Reform Party challenging the Tories from the right. Should Reform split the electorate of the wider political right, this could create new debates about Sunak.

LATIN AMERICA

Venezuela

The regime led by President Nicolas Maduro has taken further steps away from two international commitments made last year to a) establish a path to democratic restoration and b) pursue "peaceful co-existence" with neighboring Guyana. In its latest flouting of the October 2023 Barbados Agreement, the regime on 9 February arrested the military and defense expert Rocio San Miguel. Under the agreement, political prisoners – of which there are over 250 – were supposed to be released; the regime has instead continued to clamp down on critics from civil society, unions, and the opposition. Meanwhile, satellite images released last week show construction and new materiel arriving at Venezuela's Anacoco military base near the border with Guyana in contravention of the December Argyle Agreement between Maduro and his Guyanese counterpart Irfaan Ali in which both sides committed to "good neighborliness" and de-escalation following Venezuela's saber-rattling in late 2023.

MIDDLE EAST AND AFRICA

Ghana

Several labor unions, including the Trades Union Congress (TUC), have cancelled their planned strike action, scheduled to commence on 13 February. The planned strike action was in protest against the government's implementation of a 15% value added tax (VAT) on electricity. However, the government has since suspended the tax following widespread backlash from the main opposition party, organized labor, and the general public. Despite the current suspension, the government has yet to confirm plans to scrap the new electricity tax altogether; instead, it says the suspension will allow it to engage in further discussions on the issue with key stakeholders.

GRAPH OF THE WEEK

The expansion of the high-tech economy varies across Europe
Employment share in high-tech occupations (%)



Share of people employed in science, engineering and ICT occupations
 Source: CEDEFOP (European Centre for the Development of Vocational Training)

Employment structures have polarized in many advanced economies in recent decades. While high-skilled jobs have expanded in most countries, low-skilled working-class jobs – especially in the industrial sector – have shrunk everywhere. Recent developments in generative artificial intelligence and life sciences suggest that change in occupational structures could accelerate even further. Projections on the expansion of high-tech occupations show that the pace of these transformations varies substantially across geographies. Nordic economies such as Sweden and Finland, with an already strong knowledge-intensive

start-up sector, will continue to see their high-tech sector grow, together with some Central and Eastern European countries such as Slovenia, Estonia, and Czechia.

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