

## 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 wage negotiations in **Japan**. Meanwhile, economic charter change might be ahead in the **Philippines**, presidential elections will be held in **Russia**, **Venezuela's** opposition is debating its election strategy, and **South Africa's** election commission will finalize participant lists ahead of the late-May polls. Our graph of the week zooms in on the continued momentum for **far-right parties in Europe**.

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

In **Japan**, the first outcomes of this spring's collective wage negotiations between labor unions and large firms will be announced this week. Our Japan expert [James Brady](#) analyzes the situation.

#### Why do the talks matter?

The wage hike level is seen as a key indicator as the [Bank of Japan contemplates raising interest rates](#). Uplifts averaging around 4% would likely be interpreted by policymakers as further evidence that the economy had shifted from a long-term deflationary spiral to a long-sought "virtuous cycle" of wage and price growth.

#### What is the wider economic backdrop?

Revised GDP data showed that Japan's economy in fact grew marginally (rather than contracting slightly) in Q4 2023, adding to the BOJ's case for a rate hike on 19 March or 26 April.

### WHAT TO WATCH

#### ASIA PACIFIC

##### Philippines

**Leaders of the lower house of Congress say they will this week approve a resolution that would remove the absolute restrictions in the constitution on foreign ownership of public utilities, advertising and basic education.** This is often called "economic charter change" or "economic cha-cha" in Manila. A similar resolution is pending before the senate but is unlikely to be passed before congress goes on a five-week recess starting 23 March. The 24-member senate has been sending ambiguous signals, with the senate president saying there are 14 assured votes in favor, while at least seven are opposed to it. The latter is the more important number because the senate needs 18 to agree.

##### US/China

**A bill to force ByteDance to divest from TikTok or face a US ban would be more likely to survive legal challenge than rival proposals that would ban the app outright**, according to a classified by the US Department of Justice. The department gave a classified briefing to the House Energy and Commerce Committee last week before the committee

unanimously approved [the bill](#) on 7 March, and committee chair Cathy McMorris Rodgers said Justice and other agencies had advised the committee on drafting, suggesting that the White House supports this approach. The idea of banning TikTok has broad support in Congress, but legal experts warn that such attempts [may violate](#) the US Constitution's free speech protections.

## EUROPE

### Bulgaria

**Following consultations with parliamentary parties on 11-12 March, President Rumen Radev is expected to appoint Mariya Gabriel (Citizens for European Development of Bulgaria, GERB) as Prime Minister-designate.** She will then have seven days to win a vote of confidence in parliament. However, it is unclear whether Gabriel will gain majority support in parliament as GERB is continuing difficult talks with the We Continue the Change-Democratic Bulgaria alliance on further cooperation in government. Unless an agreement is reached, the country will likely head to early parliamentary elections.

### Croatia

**Following the anticipated dissolution of parliament on 14 March, President Zoran Milanovic (independent, linked to the opposition SDP) will set a date for early parliamentary elections.** They will be held either in the second half of April or first half of May. Regular parliamentary elections were scheduled for August/September but following consultations with his coalition partners Prime Minister Andrej Plenkovic (HDZ) decided to bring the vote forward without providing a clear reason. Opinion polls show that Plenkovic's HDZ would win the elections, but with less mandates in parliament, which could make government formation more challenging.

### Poland

**President Andrzej Duda and Prime Minister Donald Tusk will meet with US President Joe Biden in the White House on 12 March, the 25<sup>th</sup> anniversary of Poland's NATO accession.** Beyond the commemoration of this symbolic date, the two sides are set to discuss multiple bilateral and multilateral issues, including the war in Ukraine and cooperation in the fields of defence and energy. Duda is scheduled meet the congressional leadership, where he is likely to emphasize the urgent need to renew US military support to Ukraine.

### Russia

**Incumbent Vladimir Putin is set to extend his 24-year rule by another six years following a highly managed presidential election scheduled for 15-17 March.** The Kremlin is taking advantage of the vote to create a perception of overwhelming public unity and support for Putin and his policies, including the war in Ukraine. Following the election, the probability of unpopular decisions, such as tax hikes, intensified military recruitment or a major government reshuffle, will increase.

## LATIN AMERICA

### Venezuela

**The opposition Democratic Unitary Platform (PUD) has just two weeks to decide on its election strategy after the regime-controlled National Electoral Council (CNE) last week announced that the presidential election would take place on 28 July.** The CNE stipulates that candidates must register between 21-25 March. The problem for the PUD is that its presidential primary winner, Maria Corina Machado, has been disqualified (on spurious grounds). Machado insists that she will remain in the race despite her ban, though she is likely to face growing pressure from others within the PUD to accept that a substitute candidate is needed. Complicating the situation for the opposition is that Machado's primary victory was so emphatic that there is no obvious replacement who can galvanize voters as effectively; the candidate who finished second in the opposition primary, Carlos Prospero, obtained just 5% of Machado's 2.25mn votes. The beneficiary of PUD difficulties is of course President Nicolas Maduro.

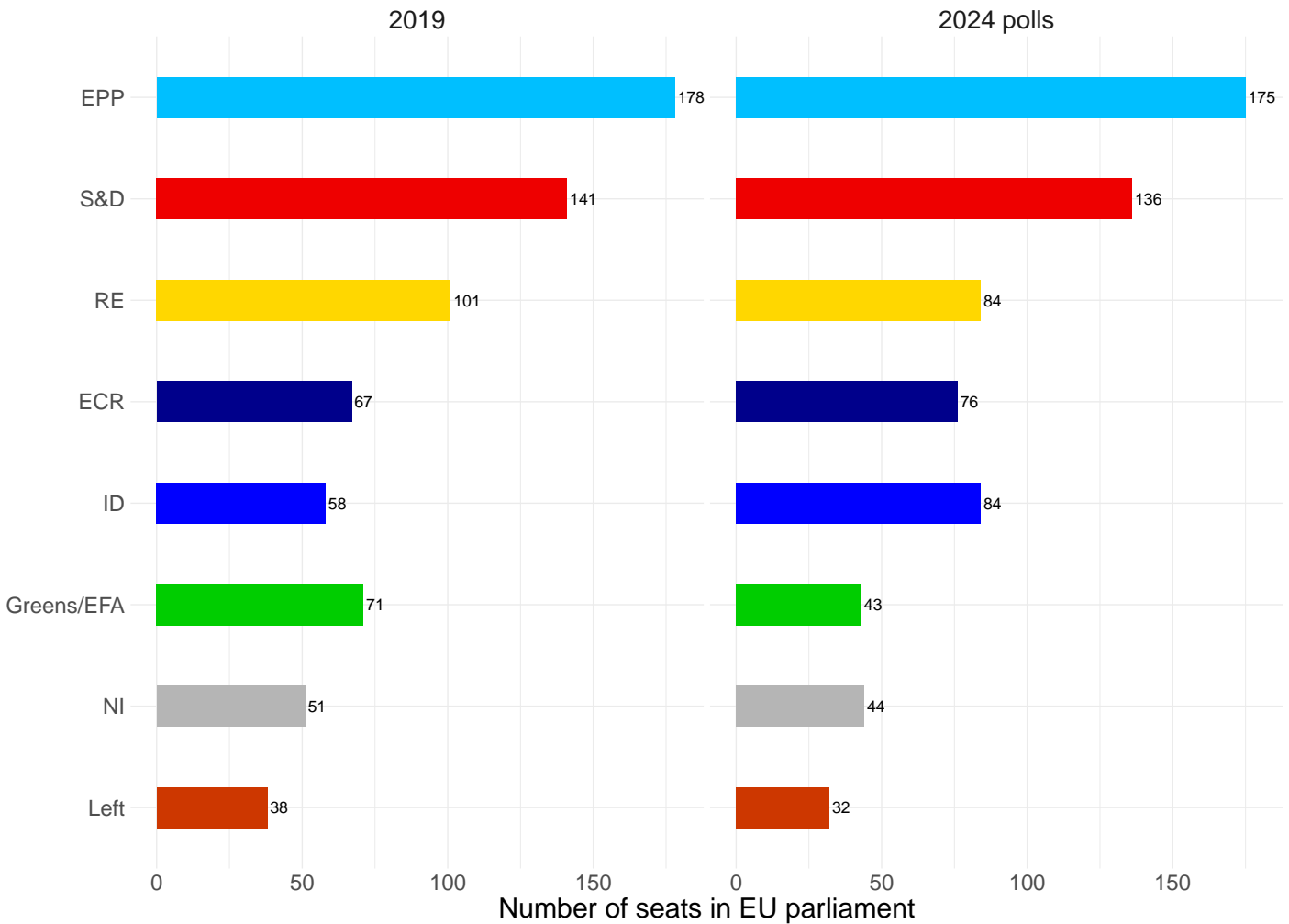
## MIDDLE EAST AND AFRICA

South Africa

**On 8 March, parties had to submit candidate lists and registration requirements for the 29 May national and provincial elections.** The electoral commission will now finalize participating parties and candidate lists by 10 April. A new opinion poll claims that ex-president Jacob Zuma's MK Party could become the third-largest party nationally: it has the ANC polling as low as 39%, the Democratic Alliance (DA) at 27%, MK at 13%, the Economic Freedom Fighters (EFF) at 10%, and the Inkatha Freedom Party (IFP) at just 2%. The survey differs sharply from previous polls (not only in terms of gauging MK's national potential but also support for the DA, EFF and IFP). Nonetheless, it will fuel uncertainty and fears over the extent to which MK could upend election outcomes and coalition scenarios.

GRAPH OF THE WEEK

The new right gains momentum in EU election year



Source: Politico's poll of polls

The significant rise in support for **Portugal's far-right party Chega** once more highlights the growing influence of similar formations ahead of June's European Parliament election. Other far-right parties, such as Germany's Alternative for Germany (AfD), the ruling Brothers of Italy, and the Dutch Freedom Party (PVV), are also likely to perform well in that election. Typically, these parties do better in what are considered second-order elections, where voters might feel less is at stake. However, as these parties become more entrenched in Europe's highly fragmented political landscape, their influence over policy is expected to grow. While centrist parties will maintain control over the appointment of the next European Commission president, a more Eurosceptic

and right-wing parliament would have significant implications for economic, foreign policy, migration, and climate debates in the years ahead.

[Client Portal >>](#)

---

**Geopolitical Research**

+44 20 7186 8894

Macro@teneo.com

© 2024 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. To unsubscribe click [here](#).