

WEEKLY POLITICAL COMPASS

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

This week, we take a closer look at the election to choose **Japan's** likely next prime minister. Elsewhere, **China** and **India** navigate respective trade and technology issues with the US, talks about a **US-Brazil** summit deepen, and countries in **Africa** prepare for the end of their decades-old duty-free regime with the US. Meanwhile, **Moldova's** pro-West government secures re-election, populist and Russia-sympathetic parties are set to do well in elections in the **Czech Republic**, and **Argentina's** president hopes for a domestic boost after securing US financial support. Finally, **Indonesia's** flagship free meals program faces food poisoning concerns, the **UK's** ruling Labour party prepares for its annual conference amid political headwinds, and **Russia's** president is set to give a major speech as a new budget prioritizes defense spending.

As always, we welcome your questions or comments at Macro@teneo.com.

GLOBAL SNAPSHOT

With **Japan's** ruling LDP set to choose [its new leader](#) — and likely next prime minister — we ask our Japan analysis lead [James Brady](#) to look ahead.

Ahead of the 4 October vote, who is leading the race?

Polls show former economic security minister Sanae Takaichi leading agriculture minister Shinjiro Koizumi and Chief Cabinet Secretary Yoshimasa Hayashi among LDP grassroots members. But among Diet members who have declared, the order is Koizumi, Hayashi, then Takaichi. Since lawmakers' votes outweigh the grassroots in the run-off, the moderate Koizumi would likely beat the right-wing Takaichi in a head-to-head. But if Hayashi unexpectedly edged Takaichi to reach the run-off, a Koizumi–Hayashi contest between two moderates would be harder to call.

What are the main policy differences between the frontrunners?

Takaichi's agenda portends a return to the Abenomics era (2012–2020): expansionary fiscal policy that would boost equities, heavier government borrowing that could raise yields on government bonds, and pressure on the Bank of Japan for looser monetary policy. Koizumi and Hayashi, by contrast, represent broad continuity with the post-Abe administrations of Fumio Kishida and Shigeru Ishiba, favoring fiscal moderation while targeting measures to ease household cost-of-living pressures. On foreign policy, Takaichi is seen as the most ideologically hawkish, while pragmatic former foreign minister Hayashi is the most experienced.

WHAT TO WATCH

ASIA-PACIFIC

US/China

According to Chinese and US media reports, ByteDance would retain ownership of the corporate entity that controls US TikTok's e-commerce and advertising operations under the deal that presidents Donald Trump and Xi

Jinping discussed in their 19 September [phone call](#). The chair of the House Select Committee on China, Republican John Moolenaar, on 26 September pledged oversight of the deal, which he said must "preclude operational ties between the new entity and ByteDance." Trump has stated that Xi approved a TikTok sale, but official Chinese statements have been more cautious. The foreign ministry said on 26 September that Beijing supports a solution that "complies with Chinese laws and regulations and achieves a balance of interests."

Indonesia

President Prabowo Subianto is unlikely to suspend his flagship free meal program for schoolchildren and pregnant women, despite reports of food poisoning affecting 6,000 children. The government says the reported cases are minimal given the millions of meals already served through the program. However, it may agree to improved food safety standards and shift responsibility to established school caterers rather than building new supply chains. Launched earlier this year, Prabowo plans to scale the program to reach roughly 80 million recipients, at a cost of almost USD 30bn.

US/India

In negotiations with Washington, New Delhi has reportedly agreed not to demand source-code or proprietary data access from US tech companies, removing a major barrier for Silicon Valley firms. The move follows US President Donald Trump's imposition of steep H1B visa fees, impacting an Indian IT sector that depends heavily on US ties. Meanwhile, similar cost-raising US moves on patented drugs are expected to have limited impact on India, which mostly exports generics to the US. Even so, Indian pharma giants are likely to accelerate investments in the US to hedge against future tariff shocks and maintain market access.

EUROPE

Czech Republic

The populist ANO party led by former prime minister Andrej Babiš is on course to win the 3-4 October parliamentary elections. However, forming a stable and functional coalition government could prove challenging, potentially resulting in ANO's cooperation with pro-Russian far-right and far-left parties. An ANO-led cabinet would take a more critical stance toward the EU, NATO, and Ukraine, though it would be more pragmatic than counterparts in Hungary and Slovakia.

Moldova

A decisive victory by the governing Party of Action and Solidarity (PAS) in the 28 September parliamentary election reaffirmed voter support for Moldova's EU accession path and pro-Western geopolitical orientation. According to preliminary results, PAS secured 50% of the vote and will hold 55 of 101 seats in the unicameral parliament. The pro-Russian Patriotic Bloc, which came second with 24%, plans to appeal the result but failed to mobilize large-scale protests on 29 September. Nonetheless, Moscow is likely to persist in efforts to disrupt reforms, deepen social divisions, and influence Moldova's political trajectory.

Russia

A Kremlin spokesperson said President Vladimir Putin will deliver a major speech this week, though its timing and content remain undisclosed. Meanwhile, on 29 September, the government submitted the draft 2026–2028 budget bill to parliament. Preliminary figures indicate plans to sustain military and national security spending at around 8% of GDP. This will require offsetting measures, including cuts to investment, higher consumer taxes, and increased domestic borrowing to cover the widening budget deficit.

UK

Labour delegates are meeting in Liverpool for the ruling party's annual conference this week. The gathering takes place amid concern over the economic and fiscal outlook, the rise of the far-right Reform Party, and increasing speculation about Prime Minister Sir Keir Starmer. Replacing the Labour leader just over one year after his landslide election victory appears unlikely.

However, Starmer is the UK's sixth PM in a decade, reflecting persistent political volatility. Beyond the conference, the key signpost to watch is the autumn budget statement in late November.

LATIN AMERICA

Argentina

Having secured a financial lifeline from the US, President Javier Milei will now turn to domestic campaigning ahead of the 26 October midterm elections. Milei plans to visit several provinces over the coming weeks, starting with Tierra del Fuego on 29 September. The key question is whether US support and the avoidance of a full-blown crisis will strengthen support for Milei's Liberty Advances (LLA) party. Recent data show poverty levels falling sharply over the past year as inflation eased, though economic recovery remains fragile and consumer confidence subdued. Opposition Peronists argue that US President Donald Trump's promised intervention proves the failure of Milei's shock therapy.

US/Brazil

Talks for a bilateral meeting between Presidents Donald Trump and Lula da Silva are advancing at the diplomatic level, following a brief encounter at the United Nations on 23 September. Trump spoke positively about the 39-second conversation with Lula. There had been no contact between the two leaders since Washington imposed a cumulative 50% tariff on 56% of Brazilian exports to the US in April. Since then, Washington has granted reductions or exemptions for several products, including crude oil, aircraft, and wood pulp. The Brazilian government sees a bilateral summit as an opportunity to de-link the conviction of former President Jair Bolsonaro from trade matters.

AFRICA

US/Region

The US 25-year-old duty-free regime, the African Growth and Opportunities Act (AGOA), is due to expire on 30 September. Neither the White House nor US lawmakers seem opposed to an extension of the regime for African exports including crude oil, metals, textiles, and agricultural and automotive products, but time is set to run out on the current agreement by 1 October. Trade-related uncertainty is already high amid the Trump administration's trade wars and reciprocal tariffs. A key question is whether AGOA will be renewed after a brief lapse, extended temporarily pending review, or allowed to expire permanently.

[Client Portal >>](#)

Geopolitical Research

+44 20 7186 8894

Macro@teneo.com

© 2025 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](#).