

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 **South Africa's** looming elections. Meanwhile, key **East Asian** leaders will gather in Seoul, Noise about a cabinet reshuffle is likely to intensify in **Turkey**, tax reform and disaster assistance to southern regions will be in focus in **Brazil**, and **Senegal** could call for the exit of French troops. Our graph of the week zooms in on European popular support for **further helping Ukraine**.

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 **South Africa**, campaigning enters its final countdown ahead of the 29 May national and provincial elections. Our Africa expert [Anne Frühauf](#) analyzes the situation.

What is the outlook for the remaining days of campaigning?

Party leaders will travel across the country ahead of final campaign rallies on the weekend, but turnout on election day will be even more crucial. While polls continue to suggest that the ruling ANC will drop below 50% of the national vote share for the first time, in recent weeks the party has built some momentum that may put it within reach of a result above 45%. After an initial period of uncertainty and horse trading, such an outcome should allow the party to form a working majority with support from smaller parties. However, the ANC seems set to lose its provincial majorities in Gauteng and KwaZulu-Natal (KZN), which may necessitate more complex, less market-friendly coalition deals.

How much will the Zuma factor disrupt the elections?

While the 2024 elections are marked by overall fragmentation and the emergence of many new opposition parties, ex-president Jacob Zuma's uMkhonto weSizwe (MK) breakaway party is the single greatest uncertainty looming over the polls. MK appears to have lost some impetus in recent weeks over infighting. Nevertheless, it held a large rally in Johannesburg over the weekend and remains a highly disruptive factor, particularly in KZN and, to a lesser extent, in Gauteng and Mpumalanga.

Today, the Constitutional Court ruled that Zuma is ineligible to run for parliament given the prison sentence he received within the last five years. This will be a blow to MK, but his image will remain on the ballots, which will attract votes. The ruling also fuels a risk of fresh unrest from a party that has little respect for the rule of law and everything to gain from maximum disruption.

WHAT TO WATCH

ASIA PACIFIC

[East Asia](#)

The first joint summit since 2019 between the leaders of China, Japan, and South Korea looks set to be held in Seoul from 26 to 27 May. With trilateral trust chronically low, the agenda is expected to focus on uncontroversial cooperative measures in areas like trade and investment, public health, and sustainable development. More difficult topics such as ties with North Korea or Beijing's ongoing ban on imports of Japanese seafood are unlikely to see progress. China's longer-term goal is to drive a wedge between the respective alliances of Japan and South Korea and the US—a task that may become easier if a Trump 2.0 presidency imposes [universal import tariffs](#) or carries through on threats to [withdraw US forces](#) from South Korea.

China

The commerce ministry on Sunday launched an anti-dumping investigation into engineering plastic imported from the US, EU, Japan, and Taiwan. The trade probe appears to be a response to [US tariffs](#) imposed last week on Chinese-made electric vehicles (EVs) and other imports; an EU investigation announced Friday into Chinese tinplate steel; and ongoing [EU anti-subsidy probes](#) into Chinese EVs, wind parks, solar firms, and railway firms.

Vietnam

The national assembly is expected to rubber stamp on 21 May the selection of Minister of Public Security To Lam as the country's next president. Traditionally, the largely ceremonial post of president is the consolation for a faction or individual that has lost in the contest for the country's top two leadership positions, Communist Party general secretary and prime minister. The nominal winner is Prime Minister Pham Minh Chinh, who is competing with To Lam to become general secretary in 2026. However, given the fluid and opaque nature of Chinese leadership politics, the manoeuvring between the two politicians may not yet be over.

EUROPE

Turkey

Noise about a cabinet reshuffle is likely to intensify as the ruling Justice and Development Party will hold its annual Kizilcahamam working camp on 31 May- 2 June. At this gathering, the AKP is expected to establish its future strategy in the aftermath of the defeat suffered in the 31 March local elections. A cabinet reshuffle is unlikely to affect the current economic team.

Ukraine

Although President Volodymyr Zelensky's term in office expires on 20 May, he is set to remain in office until a newly elected president assumes office. However, the country's laws do not allow holding elections during martial law, which has been extended by parliament on a regular basis since the start of Russia's full-scale invasion on 24 February 2022. Despite this, Russia will likely start raising questions about the legitimacy of Ukraine's president and the entire government.

LATIN AMERICA

Argentina

It is unlikely that a governability pact scheduled for 25 May will be signed as President Javier Milei originally envisaged. The idea was for a grand event attended by Milei, provincial governors, and unions, all of whom would sign up to a list of ten principles and pledges. These include an undertaking to hold public spending at no more than 25% of GDP. However, the "May Pact" was conditioned on the passage of the "bases law" – a package of reforms including tax, labor and other measures – that remains stuck in the senate, where the governing Liberty Advances (LLA) party has only 10% of seats. The government has pushed back the "May Pact" to June or July, assuming the reforms make it through the senate by then. In the meantime, Milei may be hoping that an intensifying diplomatic spat with Spain serves as a useful distraction from his domestic political difficulties; Madrid recalled its ambassador yesterday, 19 May, after Milei alluded to the Spanish PM's wife being "corrupt" during a conference organized by Spain's far-right VOX party.

Brazil

This week will see congress focusing on tax reform and the extension of payroll benefits to companies and municipalities amid continued focus on disaster assistance to the South. The framework of a tax reform was approved in December 2023,

but it has since moved little towards the approval of complementary legislation in congress. The government submitted a first complementary bill (PLP) on 24 April addressing the regulation and rates of the new federal and sub-federal VAT, leaving the distribution of revenues across federal entities to a second PLP. House Speaker Arthur Lira should announce related working groups this week and Finance Minister Fernando Haddad should attend a public hearing on 22 May to discuss the reform. The row between the government and congress on the extension of payroll benefits has been put on hold at the courts for 60 days and congress may vote on the existing draft bills this week. The government will continue to announce relief measures in the context of the catastrophic floods in the southernmost state of Rio Grande do Sul.

MIDDLE EAST AND AFRICA

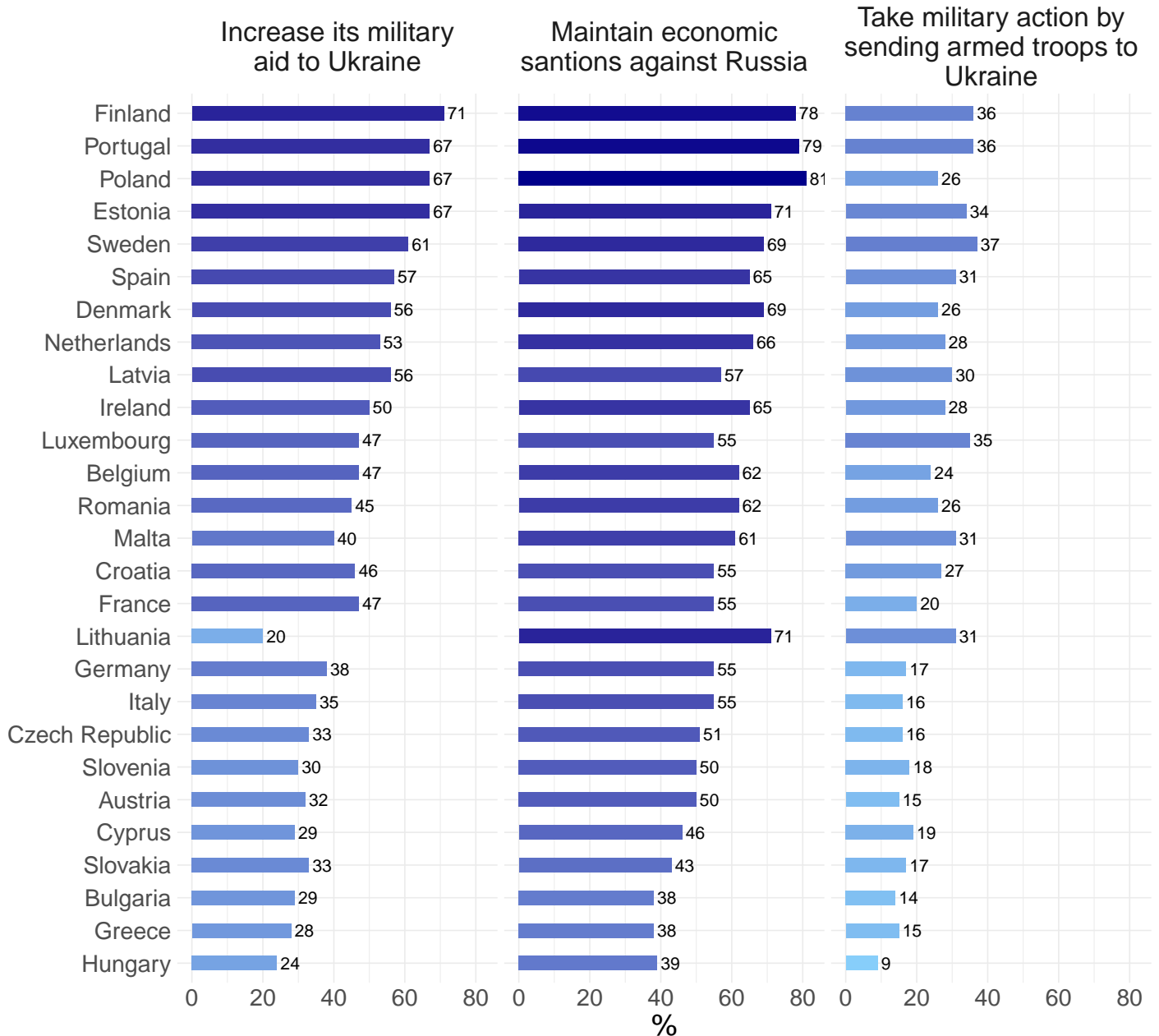
Senegal

Senegal could become the next country in West Africa calling for the exit of French troops from its soil. This comes after newly appointed Prime Minister Ousmane Sonko's statement last week noting that the presence of French military bases in Senegal "raises legitimate questions, more than sixty years after our independence". However, in what was clearly an attempt to assuage any potential fears that an ouster of French troops is a widely accepted view in government circles, Sonko was keen to stress that his statement was made in his capacity as leader of the Patriots of Senegal (PASTEF) party.

GRAPH OF THE WEEK

Military aid to Ukraine is a divisive topic for Europeans

Would you say that the European Union should...? (% Yes, somewhat)



Source: BVA Xsight (March 27th–April 9th 2024)

As Russia advances in **Ukraine**, pressure is mounting on European countries to provide additional economic and military support, following the approval of a significant military aid package by the US Congress last month. Despite French President Emmanuel Macron's suggestion of potential Western troop deployments, this remains unlikely. In fact, Europeans are skeptical of this approach, with no more than 30% of any country's population supporting it. Conversely, there is greater support for increasing military aid in most Nordic and Baltic nations, as well as in Poland, Spain, and Portugal. However, people in Italy, France and in Ukraine's largest European supporter, Germany, appear less willing to ramp up military aid further. Against this backdrop, discussions about alternative solutions, such as utilizing profits from Russia's frozen state assets, might again gain pace.

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