

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 **Nigeria** ending petroleum product imports. Meanwhile, the **Malaysian** Islamic Party is allowing people belonging to other faiths to join, Senate elections will go ahead despite large-scale floods in the **Czech Republic**, budget discussions will resume in **Colombia**, and the dissolution of **Senegal's** national assembly will continue to spark debate.

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 state-owned **Nigerian** National Petroleum Company Limited (NNPCL) has notified the Nigerian Upstream and Downstream Petroleum Regulatory Authority (NMDPRA) that it would no longer be importing petroleum products from 1 October if local pricing is competitive. Our Africa expert **Manji Cheto** analyzes the situation.

What has been decided?

In a historic deal, the NNPCL has agreed to supply about 385,000 barrels per day (bpd) of crude oil to the country's first privately-run refinery, which will be paid for in naira. The move is a potential gamechanger for the country, which has historically imported all its domestic fuel needs despite being a major crude oil producer.

What are the implications?

In particular, this is expected to positively impact the country's foreign exchange position, the short supply of which has been a major contributor to the naira's depreciation. However, concerns about any failure of the refinery to produce the volumes required by the local market and/or delays along transport routes could result in fuel shortages during this period.

WHAT TO WATCH

ASIA PACIFIC

China/Germany

A top Chinese military commander on Saturday criticized the transit of two German navy ships through the Taiwan Strait a day earlier. The People's Liberation Army's Eastern Theatre Command said its navy and air force had monitored the ships and urging Berlin to avoid "interference" that would jeopardize relations with Beijing. US warships sail through the strait about every two months, and Canada and Britain also make occasional transits.

Japan

The race to succeed Fumio Kishida as Liberal Democratic Party leader and prime minister is in full swing this week, with candidates traversing the country for events ahead of the 27 September first-round vote. The three candidates topping almost every opinion poll are former environment minister Shinjiro Koizumi, former defense minister Shigeru

Ishiba and economic security minister Sanae Takaichi. In a weekend plenary policy debate, the relatively inexperienced Koizumi underperformed with vague answers on foreign policy priorities and his proposal to loosen dismissal protections for permanent workers. The outcome of a second-round run-off that featured Takaichi and Ishiba would be hard to predict, with neither candidate enjoying widespread popularity among parliamentary colleagues.

Malaysia

The Malaysian Islamic Party (PAS) amended its constitution over the weekend to allow for the first time Malaysians belonging to other faiths to join the 73-year old party. PAS, which leads the opposition National Alliance (PN), has the most seats for any single party in parliament, but draws most of its votes from conservative districts. The party outperformed in the 2022 general elections, and wants to expand its appeal to non-Muslims. But evincing a more inclusive PAS will take time and its consistently conservative stance will make the recent move seem more of a symbolic gesture. At the same meeting where PAS introduced the amendment, it also pushed for a ban on gambling, including closing the country's sole casino. PAS currently controls four of the country's 13 states and is making a push to capture Pahang state in the next general elections, where the Genting casino is located.

EUROPE

Czech Republic

On 20-21 September, voters will elect one-third (or 27) members of the Senate (upper chamber of parliament) and members of all 13 Czech regional councils. The vote will not be postponed despite large floods that have hit parts of the country during the weekend. While the Senate and regional elections will not have major implications for national-level policymaking, the results will indicate voter preferences ahead of the parliamentary elections to be held in autumn 2025. Post-election cooperation agreements at regional level could also be indicative of potential alliances at the national level after the 2025 vote.

Germany

Voters will go to the polls in regional elections in Brandenburg on 22 September. In the final regional vote of the year – the third in East Germany this month – the far-right Alternative for Germany (AfD) has long been expected to become the strongest party. However, the more important question will be whether the Social Democrats (SPD) can retain the local premiership in an all-centrist coalition, giving Chancellor Olaf Scholz some much-needed respite after previous regional election defeats.

LATIN AMERICA

Colombia

Budget and finance committees in the legislature will resume discussions over the 2025 budget draft this week, having failed to agree on a topline spending figure by the deadline of 15 September. President Gustavo Petro has put forward a budget worth COP 523tn (USD 124bn) but it is contingent on the passage of a COP 12tn tax reform unveiled on 10 September. Opposition parties are refusing to approve a budget that is not fully funded, prompting Petro to threaten to pass the budget using his decree prerogative. However, doing so would effectively rule out any chance of advancing the tax reform, while limiting congressional scrutiny of government spending plans. The budget must be passed by 20 October, which leaves time for a possible solution, though Petro's rejection of workaround proposals and his inflammatory rhetoric of the past few days mean that tensions are currently running high.

MIDDLE EAST AND AFRICA

Senegal

Public debates on President Bassirou Faye's controversial 12 September decision to dissolve the National Assembly will continue this week. While not illegal, the timing and manner of the dissolution has been criticized by some as "unsightly and democratically inelegant". Specifically, the controversy stems from Faye's seemingly deceptive move of scheduling the legally mandated reading of the government's policy statement by prime minister, Ousman Sonko, on 13 September only to turn around

at the eleventh hour to dissolve the National Assembly the day before. The president has now scheduled 17 November as the new date for the next legislative elections.

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