

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 the **Venezuelan** regime's offensive against the opposition. Meanwhile, **Thailand's** prime minister has selected the members of her cabinet, government formation talks continue in **Belgium**, the decision to suspend the operation of Elon Musk's X in **Brazil** has been confirmed, and **Ghana's** government is likely to formally invite investors to exchange their bonds.

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

Venezuela's regime led by Nicolas Maduro continues to step up its offensive against the opposition led by Maria Corina Machado. Our Latin America expert [Nicholas Watson](#) analyzes the situation.

What does the crackdown entail?

Following weeks of threats and several summons, yesterday, 2 September, an arrest warrant was issued for the opposition's presidential candidate Edmundo Gonzalez, who is in hiding. Gonzalez is accused of a variety of crimes, including usurping the functions of the regime-controlled National Electoral Council (CNE) after the opposition published copies of vote tallies that clearly demonstrate Gonzalez's victory over Maduro in the 28 July presidential election; the CNE has not published results from the vote.

What are the signposts to watch?

The issue of an arrest warrant follows yesterday's move by US authorities to seize a government jet, and the apparently imminent announcement of US sanctions against various regime officials involved in the election fraud and subsequent repression. In another sign that the regime may be preparing for an expanded crackdown against the opposition, Maduro has blamed a serious power outage that took place at the end of last week on the opposition.

WHAT TO WATCH

ASIA PACIFIC

Bangladesh/India

Bangladesh's interim government, led by Nobel laureate Mohammad Yunus, is contemplating a request for the extradition of former Prime Minister Sheikh Hasina from India. The move could strain diplomatic ties between the two nations. Hasina fled to India on 5 August after resigning amid widespread student-led protests against her government. The situation presents a diplomatic challenge for India, especially as Hasina's presence could be perceived as tacit support amidst mounting legal cases against her, including new murder charges filed in Bangladesh. Meanwhile, Indian cultural centers in Dhaka faced attacks, prompting India to withdraw non-essential staff, underscoring the tense environment.

China/Japan

China's foreign ministry on Monday said that a Chinese survey vessel that passed through Tokara Strait in Japanese territorial waters on 31 August was lawfully exercising the "right of transit." The Japanese government had lodged a formal protest. The incident was the second incursion in less than a week, after a Chinese military reconnaissance aircraft flew over the Danjo Islands on 26 August, which Tokyo called "utterly unacceptable."

Pakistan/Iran

Iran has issued a final warning to Pakistan to complete its section of the long-delayed cross-border gas pipeline or face international arbitration, potentially incurring billions in penalties. This escalation comes amidst a decade-long dispute over the 1,900-kilometer pipeline, crucial for Pakistan's future energy needs as its domestic gas reserves dwindle. Although Iran has completed its portion of the pipeline, Pakistan's progress has stalled, citing US sanctions on Tehran as a major obstacle. Despite Pakistan's invocation of force majeure to delay the project, Iran has rejected these claims and is prepared to take the matter to the International Court of Arbitration. Pakistan faces a delicate balancing act: it must navigate US sanctions while avoiding a costly legal battle that could further strain its already fragile economy, compounded by recent IMF bailout negotiations.

Thailand

Prime Minister Paetongtarn Shinawatra has selected the members of her cabinet, and the announcement will be made this week after it receives the king's approval. The few changes reflect the composition of the new majority, but many of the cabinet ministers continue in their positions from the previous government to reduce the disruption in governance. The People's State Power Party (PPRP), which Paetongtarn's For Thais (PT) party blames for the recent crises that resulted in the removal of Srettha Thavisin as PM, has been expelled. However, a PPRP faction led by Agriculture Minister Thamanat Prompow, who split from Prawit some time ago, has been allocated seats. The erstwhile opposition party Democrats have also been given the natural resources and environment portfolio.

EUROPE

Belgium

23 September is the next signpost in the ongoing talks to form a government. After a first round of negotiations failed to produce agreement, King Philippe has once again tasked Flemish separatist leader Bart de Wever with forming a coalition. A diverse group of liberal, centrist, Christian Democratic and center-left parties from the French and Flemish speaking communities will likely also remain de Wever's first choice for further conversations. The earlier talks had failed amid disagreement over fiscal and tax policy. The king's new deadline will arrive three days after the date when the national budget plan would normally be due for submission at the European Commission.

Germany

After the Alternative for Germany (AfD) became the first far-right party since the Second World War to win a state election, regional coalition questions are posing problems in Berlin. The Christian Democrats (CDU) might have to drop a previous ban on cooperation with the post-communist Left to keep the AfD out of regional governments. This issue is creating the expected internal debates within the Christian alliance (CDU/CSU). It also risks complicating the outlook for opposition leader Friedrich Merz's nomination as the chancellor candidate.

Russia

Voters will head to the polls on 8 September in various elections, including the direct election of three members of the State Duma and 21 regional governors. Candidates of the governing United Russia party or those supported by the Kremlin are certain to win most votes. It is noteworthy that gubernatorial elections will also take place in the Kursk region, where the so-called counter-terrorism operation is taking place against Ukrainian forces. The Kremlin's decision not to postpone the vote in the Kursk region despite the ongoing fighting is likely an attempt to demonstrate that Russian authorities are in control of the situation.

LATIN AMERICA

Brazil

The First Panel of the Supreme Court (STF) confirmed the decision by one of its judges to suspend the operation of Elon Musk's X in Brazil. The decision and its confirmation came following the X owner's refusal to comply with judicial orders issued by the court to pay related fines, and to appoint a natural or legal person to represent the company in Brazil after Musk closed its Brazil office in protest against Alexandre de Moraes - the judge in charge of the investigations. Musk and X are investigated for possible crimes of obstruction of justice, criminal organization and incitement to crime, through explicit support in the platform to anti-democratic content fed by far-right groups. Moraes presided over the electoral court (TSE) during the 2022 presidential elections and the storming and ransacking of official buildings in Brasilia in January 2023 by former president Jair Bolsonaro supporters, which has so far generated more than 200 prison sentences. The suspension of X is a divisive issue, but the decision will not be reversed until Musk complies with the orders.

MIDDLE EAST AND AFRICA

Ghana

The government is likely to formally invite Eurobond investors this week to exchange their bonds for reissued ones. This follows a June agreement in-principle between the Nana Akufo-Addo-led administration and two of its bondholder groups on restructuring the country's Eurobonds valued at USD 13bn. Under the terms of the in-principle deal, Ghana is expected to save USD 4.4bn in debt service as well as benefit from a cancellation of USD 4.7bn over the course of its current International Monetary Fund (IMF)-supported program. The debt exchange window is expected to be open for 21 days.

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