

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 **Japan's** upcoming elections. Meanwhile, **China's** finance ministry has promised to increase fiscal spending, Prabowo Subianto will be sworn in as president in **Indonesia**, a consequential presidential election and constitutional referendum will take place in **Moldova**, **Chile** confronts new challenges at the five-year anniversary of the major unrest that led to a political crisis, while results from last week's elections in **Mozambique** are still pending.

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

With the official campaign period for Japan's general election beginning on 15 October, we ask our Japan analyst [James Brady](#) to look ahead to the 27 October vote.

What are the prospects for LDP Prime Minister Shigeru Ishiba and the other parties in this election?

The hegemonic Liberal Democratic Party (LDP) may struggle to retain all of its 256 seats in the 465-seat Lower House, given lingering public anger over the slush fund scandal that emerged in late 2023. Junior coalition partner Komeito also faces a challenging election, following the ending of its non-compete agreement with the Ishin-no-kai party in the Osaka/Kansai region. The opposition parties together are expected to pick up some seats, but their failure to agree even a limited cooperation pact targeting slush fund-implicated LDP members makes significant gains unlikely.

What are the policy implications of the election likely to be?

Major shifts in policy direction are unlikely. Ishiba has been shifting course on some of the more unusual proposals he ran on in the LDP leadership race, such as an "Asian NATO." But going forward, he may place greater emphasis on renewable energy relative to nuclear power, and also appears more open to future tax increases compared to predecessor Fumio Kishida.

WHAT TO WATCH

ASIA PACIFIC

China

China's finance ministry promised to increase fiscal spending to boost economic growth but declined to disclose a specific renminbi value for new government bond sales. Finance Minister Lao Foan's remarks on Saturday remove some uncertainty about whether new [fiscal stimulus is pending](#) but leave the scale uncertain.

Indonesia

Prabowo Subianto will be inaugurated as Indonesia's president on 20 October, along with Gibran Rakabuming Raka as vice president. Prabowo may also announce his cabinet on the same day. Closely being watched is whether Finance

Minister Sri Mulyani Indrawati could stay on, either as finance minister or coordinating minister for the economy. Former president Joko Widodo had said on 8 October that he may not attend the ceremony, which would have been a major snub; however, State Secretary Pratikno later said the president would be at the inauguration. It was likely another attempt by Widodo to emphasize that his approval rating – which is at a high of 75% – can provide significant political capital to the incoming administration, and that a falling out could be politically damaging.

Malaysia

Prime Minister Anwar Ibrahim will present his government's budget on 18 October while riding a wave of increased public optimism due to the strengthening of the currency, a rising stock market, and higher growth expectations. Anwar's focus for now is on implementing some economic reforms to shift the debate away from his weakness on social, racial, and corruption issues—and to portray himself as the champion of middle- and lower-income groups and of fiscal prudence. He could put more pressure on businesses to raise wages so that the highly touted economic gains of his administration are felt more broadly. Also to be closely watched are signals of subsidy reductions, particularly for gasoline.

EUROPE

Lithuania

As [anticipated](#), the center-left Social Democratic Party of Lithuania (LSDP) won the most seats in the first round of parliamentary elections on 13 October and is likely to lead a wide coalition government. However, the composition of seats won by each party after the second-round vote on 27 October will be crucial for the composition and stability of the next governing coalition. A center-left government would bring few policy shifts, with national defense, socio-economic issues, fiscal discipline and the quality of public services remaining top priorities. In foreign policy, Vilnius would maintain its unwavering pro-Western stance but would likely seek to improve frosty relations with China.

Moldova

The outcome of the 20 October presidential election and a binding constitutional referendum regarding the country's integration into the European Union (EU) will determine Moldova's geopolitical direction for the foreseeable future. While pro-Western incumbent Maia Sandu and the pro-EU camp are leading in opinion polls, surprises are possible considering extensive efforts by Russia and associated actors to shape public views ahead of the vote. External efforts to destabilize the country could intensify if the pro-EU camp wins both votes.

Greece

With Nikos Androulakis re-elected as PASOK leader and SYRIZA likely heading for another splintering, the opposition will remain weak and ineffective for the foreseeable future. Syriza's Central Committee decided on 12 October that its recently deposed leader, Stefanos Kasselakis, cannot be a candidate in the party's upcoming leadership battle. This development adds to the confusion in a situation that is already tense and turbulent, raising the prospect of a new split for SYRIZA. While Androulakis may try to capitalize on SYRIZA's implosion, he is unlikely to succeed in mounting an effective opposition to the ruling government. Intra-party squabbling within his own New Democracy party remains the main risk facing Prime Minister Kyriakos Mitsotakis.

Spain

The Spanish government, like all other EU countries, must submit its debt reduction plans to the European Commission by 15 October. However, since it has not yet secured a parliamentary majority to approve [the fiscal stability plan and the 2025 budget](#), the government is likely to submit only its medium-term fiscal plan while delaying the annual budget plans. In its latest attempt to approve the 2025 budget, the government will negotiate with former Catalan president Carles Puigdemont's Together party in the coming weeks. However, the chances of an agreement remain low, with the government most likely opting to roll over the 2023 budget for a second time.

LATIN AMERICA

Chile

This week marks the fifth anniversary of the outbreak of major unrest that caused Chile's biggest political crisis since the return to democracy. The protests and unrest were triggered by a fare increase on the Santiago metro but very quickly morphed into an outpouring of frustration over the cost of living, inequality of opportunity, and impediments to social mobility and welfare. After two failed efforts to re-write the constitution since 2019 and little or no progress on major structural reforms that might address public concerns over issues such as inadequate pensions, the political agenda has shifted. According to a recent CEP survey, the public now views crime and drug trafficking as the country's main problems. Political fragmentation has also increased, a feature of post-2019 politics that is likely to manifest in the upcoming 26-27 October regional and municipal elections.

MIDDLE EAST AND AFRICA

Mozambique

Results from the 9 October presidential, legislative, and gubernatorial elections have yet to be declared.

Independent presidential candidate Venancio Mondlane has claimed victory. However, state-owned AIM reports that preliminary results put ruling party Frelimo's Daniel Chapo in the lead, with Mondlane second, ahead of established opposition parties. The Public Integrity Center (CIP) has raised concerns over district-level vote counting and "statistically significant suspicions of ballot stuffing," while EU observers have criticized the "tainted credibility of the electoral process." Although election day was peaceful, the slow results process may fuel suspicions and potential unrest.

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