

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 **Brazil**. Meanwhile, **China** is easing travel restrictions, **Germany** is providing tanks to Ukraine, protests continue in **Peru**, and **Ghana's** focus has shifted to external debt restructuring. Our graph of the week zooms in on **industrial action**.

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

Supporters of **Brazil's** former president Jair Bolsonaro invaded and depredated the presidential palace, Congress and Supreme Court on 8 January, one week after President Luiz Inacio Lula da Silva's inauguration. Our Brazil expert answers three key questions.

How did it happen?

The unrest took place despite an understanding between the federal government and the government of the district of Brasilia, the nation's capital. Protestors in favor of a military coup to restore Bolsonaro as president were not to be allowed to trespass barricades set up around the perimeter of the esplanade that contains and borders ministries and the main seats of the three branches of government. The Governor of Brasilia was suspended from his functions for 90 days following a decision by the Supreme Court.

What has been the government's immediate reaction?

Over 300 people have so far been arrested and more should be until the end of the 24-hour period of flagrancy today, 9 January. President Lula is expected to convene a meeting of an emergency council today, to coordinate actions to secure order. He will also meet with governors on the same day to discuss additional measures to prevent similar occurrences at the state-level.

What are the implications for the rule of law going forward?

The events will strengthen the resolve of the new government to put an end to anti-democratic camps and demonstrations that have persisted since the elections on 30 October. An unprecedented unity of the three branches of government is expected to emerge in defense of the rule of law and the preservation of democracy.

WHAT TO WATCH

ASIA PACIFIC

[China](#)

The eight-day quarantine requirement for inbound international travelers officially ended on Sunday. International airports were busy and travelers from Hong Kong queuing for entry by land. The opening to foreign travel coincides with the beginning of the Lunar New Year holiday travel season, when both domestic holiday travel and Chinese tourism abroad are expected to surge from last year's levels.

Japan/G7

Defense and national security issues will top Prime Minister Fumio Kishida's agenda when he visits five European and North American capitals this week, ahead of hosting May's G7 summit in his hometown Hiroshima. Trilateral joint development of the next-generation F-X fighter jet will be discussed during trips to Rome and London, while the latter could also see an announcement regarding a mooted UK-Japan Reciprocal Access Agreement. The highlight will be the 13 January meeting with President Joe Biden, with cooperation on counterstrike missiles and better integration of military command structures set to be discussed. Following a difficult past twelve months, low-polling Kishida hopes that enhanced global visibility will help lift his domestic political fortunes in 2023.

Indonesia

Former president Megawati Sukarnoputri, head of PDI-P, the largest party in parliament, has reportedly decided on who its candidate will be for the presidency in 2024. The speculation is that she could make the announcement on 10 January, the 50th anniversary of PDI-P. Unlike all other Indonesian political parties which need to form coalitions to meet the threshold to nominate a presidential candidate, PDI-P has enough seats on its own. If she supports central governor Ganjar Pranowo, then the risk associated with the 2024 elections would decline, compared to her choice of either her unpopular daughter, Puan, who is House Speaker or defense minister Prabowo Subianto.

EUROPE

Czech Republic

The first round of presidential elections will take place on 13-14 January. The vote is a three-horse race between former prime minister Andrej Babis (Action of Dissatisfied Citizens, ANO), retired army general Petr Pavel (independent) and former university rector Danuse Nerudova (independent). Neither of the candidates is expected to win in the first round, and the former two hold slightly higher chances of entering the second round. Although most opinion polls show that Babis would lose in the second round to either of the independent candidates, the former prime minister should not be underestimated given his extensive political experience and influence over some of the key media outlets in the country. However, the president holds limited powers in the country's political system.

Germany

Following the government's decision to provide "Marder" tanks to Ukraine, Berlin might soon announce that it will also deliver the heavier "Leopard" model. Chancellor Olaf Scholz has been accused of a lack of leadership, having acted only after President Emmanuel Macron had announced French tank deliveries to Ukraine. However, many parts of German society remain skeptical of sending more material to Kyiv. Therefore, Scholz needs to balance the strategic impetus to support Ukraine with avoiding the impression of pushing too proactively for further deliveries.

Turkey

The Chief Public Prosecutor of the Supreme Court will make an oral statement to the Constitutional Court on 10 January in the case he filed for the closure of the Peoples' Democratic Party (HDP). This is one of the last steps in the trial against the pro-Kurdish party before a verdict is issued. Last week, the Constitutional Court froze state financing for the HDP. The party attracts around 12% of the vote, making it a possible kingmaker in the upcoming parliamentary and presidential elections.

LATIN AMERICA

Peru

Protests against President Dina Boluarte will enter a sixth day today, 9 January, having resumed after a lull over Christmas and New Year. Protestors are demanding the dissolution of Congress, Boluarte's resignation, and an accelerated election timetable; Congress in late-December endorsed a proposal to bring elections forward from 2026 to April 2024 but another vote is required to cement the new schedule. Protestors want elections even sooner. Some are also calling for former president Pedro Castillo to be released from pre-trial detention. Against this backdrop of protests, which are mainly in the south of the country, the new cabinet needs to win a congressional vote of confidence scheduled for tomorrow, 10 January. Boluarte had to tweak her initial line-up of ministers shortly after being sworn into office on 7 December. The vote of confidence should not be a major hurdle.

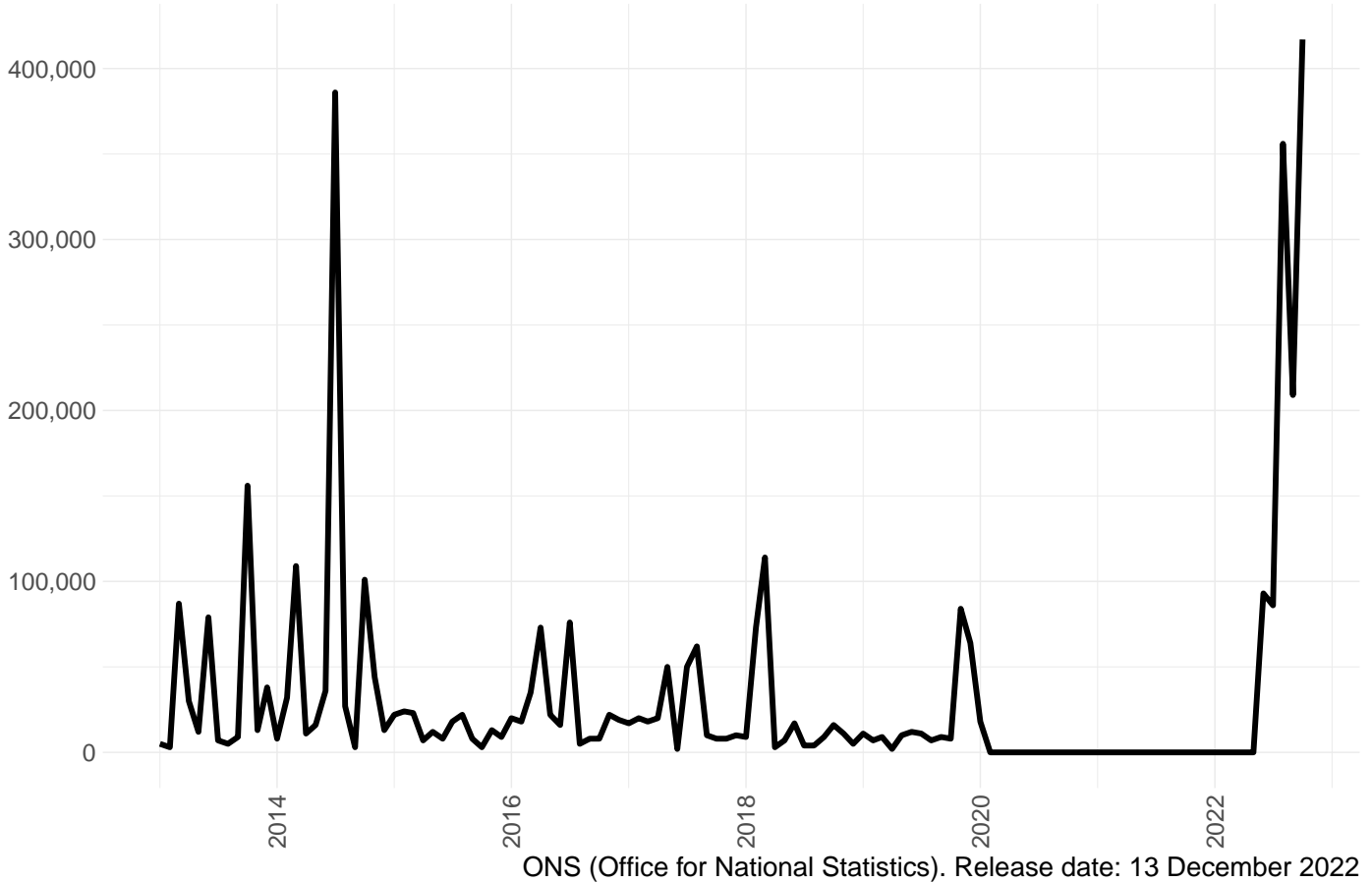
MIDDLE EAST AND AFRICA

Ghana

In its bid to secure a January approval from the International Monetary Fund (IMF) Executive Board on its recently agreed USD 3bn loan from the Fund, the government will be doubling down on debt restructuring efforts. In particular, its focus has shifted to external debt restructuring measures as it contemplates requesting debt relief through the G20 Common Framework program.

GRAPH OF THE WEEK

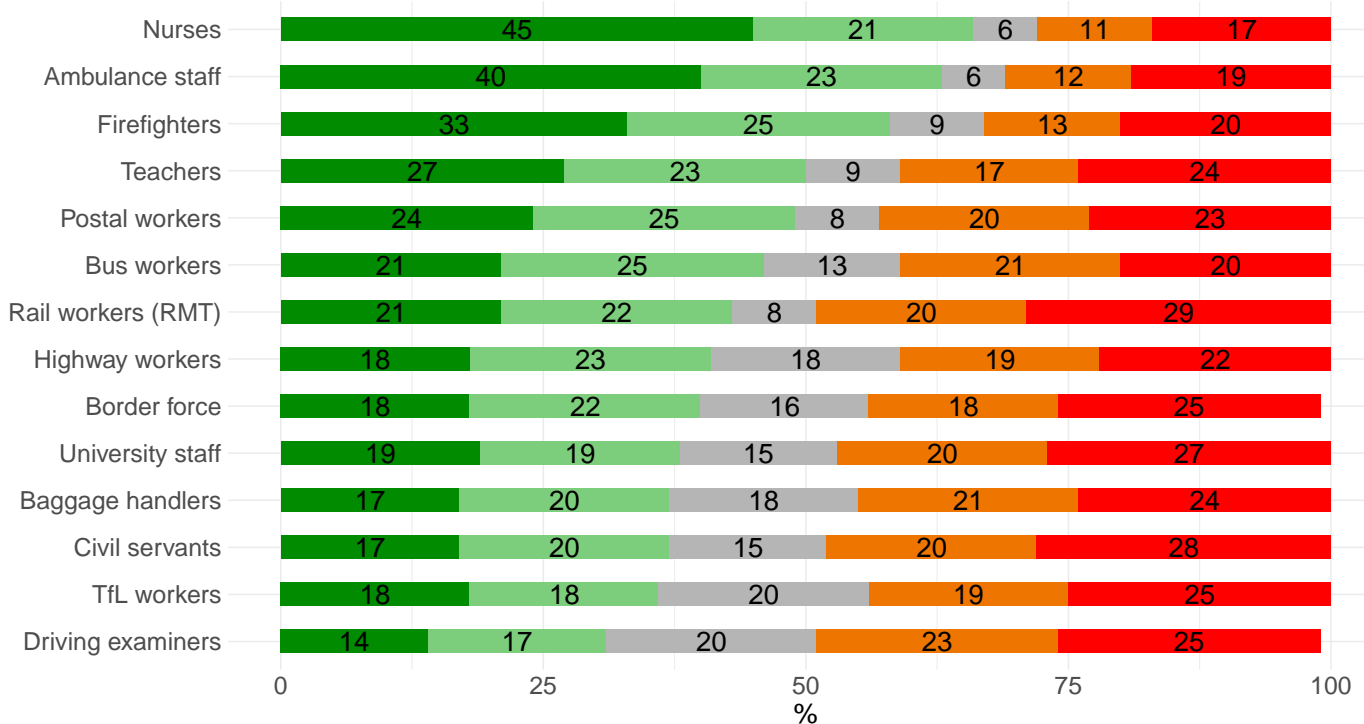
Working days lost due to strike action are at the highest in one decade



Support for strike action is widespread but varies across groups of workers

Do you support or oppose the recent strike action taken by the following groups? (%)

■ Strongly support
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■ Somewhat oppose
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Source: YouGov. 16–19 December 2022

High levels of **strike activity** will continue in the first half of 2023 in the UK. Nurses, ambulance staff, teachers, or train workers, among others, have announced more industrial action in the coming months unless an agreement over pay is reached. The intensity of industrial action – measured as the working days lost due to strike action – has reached the highest levels in at least a decade. Public support for strike action is considerable but it is more significant when strikes are proposed by certain groups of workers, such as those in the health sector (nurses and ambulance staff). Meanwhile, strikes led by other types of workers, including university staff and train workers, tend to receive less backing from the public. The appeal of trade unions appears to be increasing as well in the US, where support for unions is at the highest level in four decades. The longer inflationary pressures persist, growing public sector discontent over pay should be expected.

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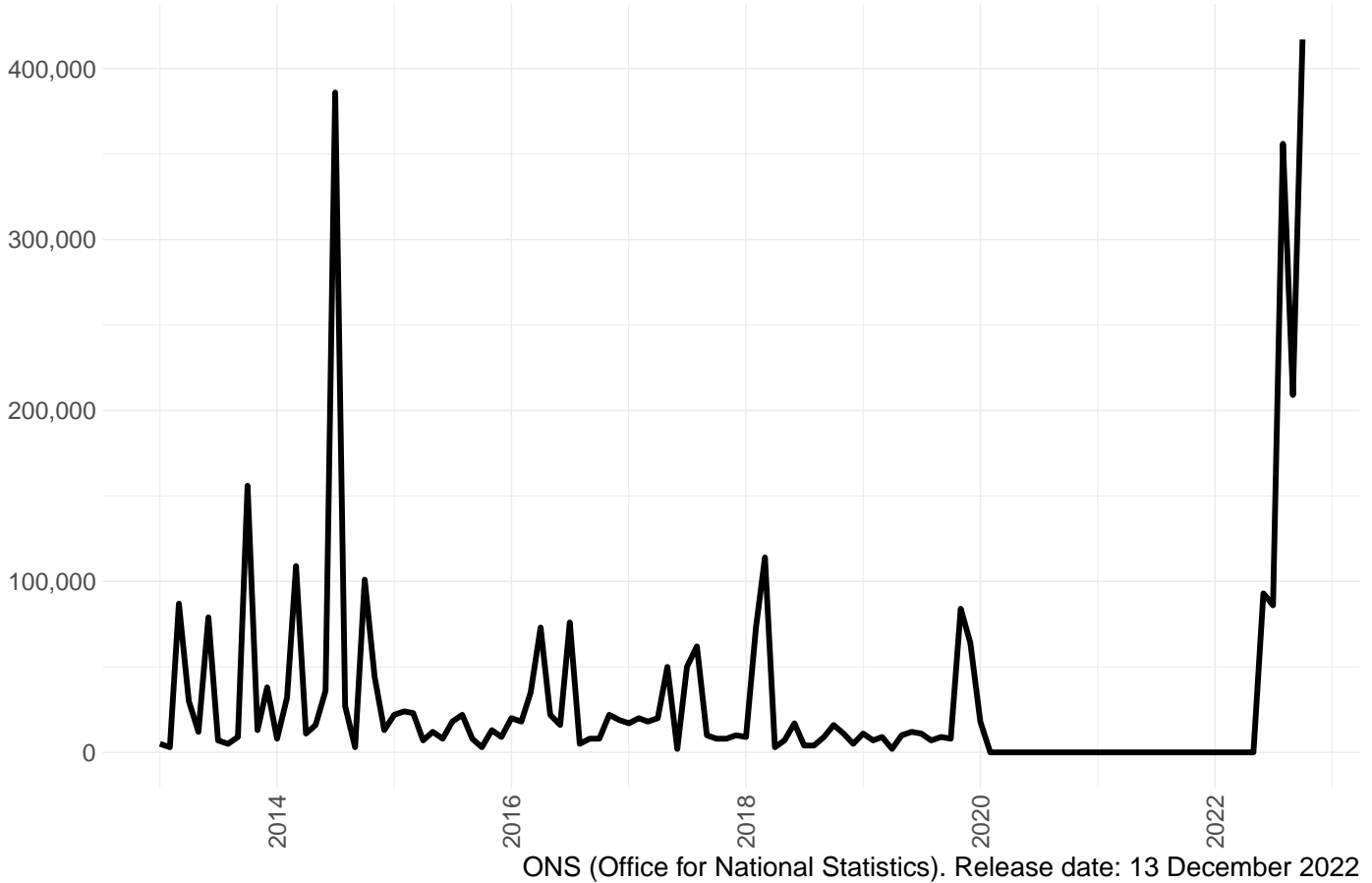
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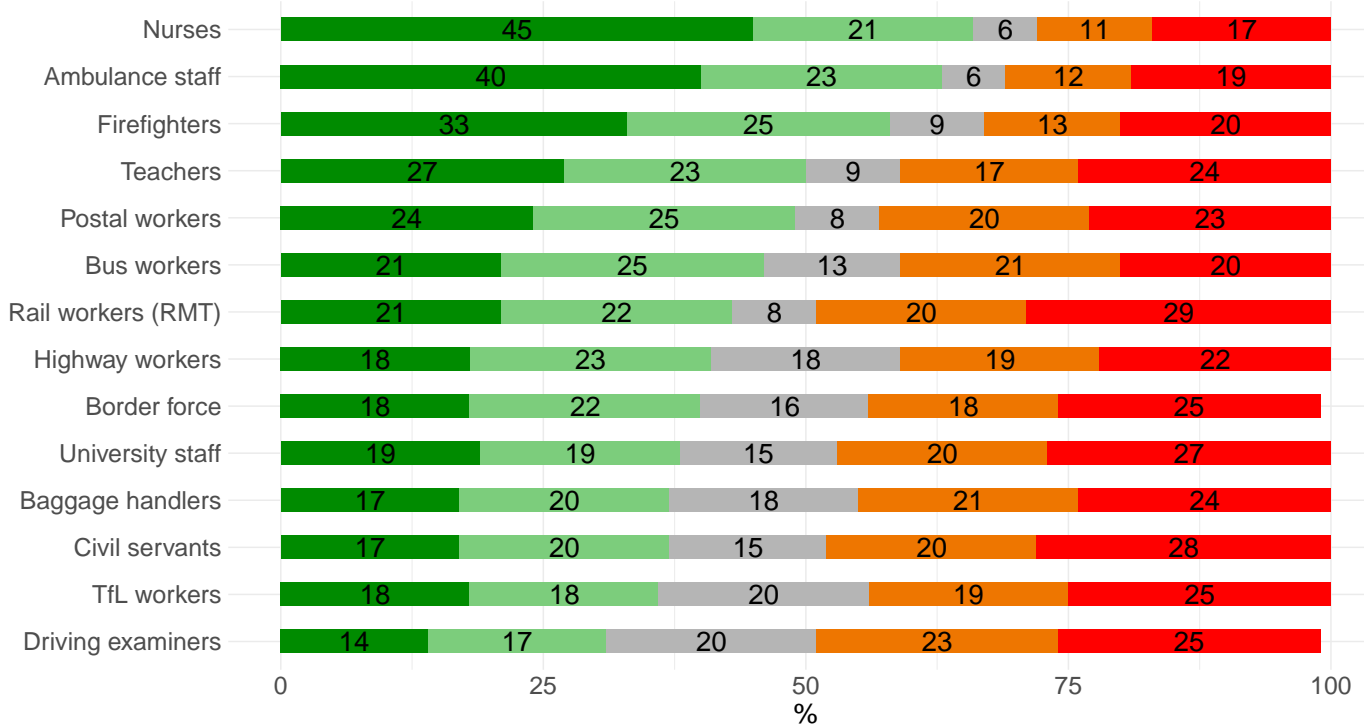
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