

## 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 **Chile's constitutional re-write process**. Meanwhile, two senior **US** officials have arrived in **China**, **France's** parliament will hold a vote on the retirement age, the focus in **Brazil** is on the economic policy agenda, and nationwide strike action is ahead in **Nigeria**. Our graph of the week zooms in on **fiscal rules and migration in Europe**.

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

**Chile's** constitutional re-write process moves to a new stage this week. Our Latin America expert [Nicholas Watson](#) answers three key questions.

#### What are the key events this week?

The 24-member Expert Commission will deliver its initial draft to the Constitutional Council tomorrow, 6 June, ahead of the Council's formal opening on 7 June.

#### What will the membership of the commission look like?

Parties of the right and center-right will have a total of 33 out of 50 seats on the Council (the Council was supposed to have 51 members, but one counsellor is not expected to take up his seat after being accused of sexual harassment). The ultra-conservative Republican party will have a veto vote comprising 22 of the majority bloc. This should also mean the party holds the Council presidency.

#### What will be the key signposts to watch?

Whether the right to choose public or private health provision should be enshrined in the new text is likely to be one of the most heated topics of debate. The Council will have five months to finalize the new constitutional draft before it goes to a public referendum on 17 December.

### WHAT TO WATCH

#### ASIA PACIFIC

##### US/China

**Two senior US officials arrived in Beijing on 4 June for talks with Chinese counterparts.** The visit by Assistant Secretary of State for East Asian and Pacific Affairs Daniel Kritenbrink and White House National Security Council Senior

Director for China and Taiwan Affairs Sarah Beran follow reports that CIA Director William Burns met with Chinese intelligence officials during an unannounced visit to Beijing last month.

## EUROPE

### Bulgaria

**This week, parliament is expected to approve the new government led by Prime Minister Nikolay Denkov, although last-minute surprises cannot be ruled out.** According to an agreement between the two largest parliamentary groups, the Citizens for European Development of Bulgaria (GERB) and the electoral alliance of We Continue the Change and Democratic Bulgaria (PP-DB), Denkov will lead the cabinet for a period of nine months, after which he will be replaced by a GERB-nominated head of the government, most likely Mariya Gabriel. Although the coalition has 132 out of 240 mandates in parliament, some deputies might refrain from supporting a coalition government consisting of former political rivals.

### France

**The National Assembly will discuss a legislative proposal by the opposition to bring the country's retirement age back to 62 (from 64) on 8 June.** While there might be a majority of MPs in favor of the bill, the initiative is unlikely to be successful. The MPs supporting the government have eliminated the draft bill's main measure at the committee stage, and opposition deputies will have to push for its reintroduction during the plenary debate. However, the pro-Macron President of the National Assembly, Yael Braun-Pivet, is expected to block such a move since Article 40 of the French constitution forbids MPs from adopting measures that lead to a reduction in revenues for the state.

### Latvia

**The inauguration of newly elected President Edgars Rinkevics (New Unity, JV) on 8 June will likely prompt changes in the governing coalition.** Prime Minister Krisjanis Karins (JV) is calling for the expansion of the current three-party governing coalition with two more parties — the Union of Greens and Farmers (ZZS) and the Progressives (P) — after these parties had supported Rinkevics in the presidential vote in parliament last week. Discussions on the redistribution of responsibilities in the government are expected to start on 5 June.

## LATIN AMERICA

### Brazil

**Following a few defeats in Congress relating to the environment and indigenous affairs last week, the main focus this week is likely to be the economic policy agenda.** The report by the House working group on the tax reform is expected to be released in the next few days and meetings will be scheduled with Finance Minister Fernando Haddad. There is reserved optimism in relation to the tax reform following a relatively collaborative process between the government and Congress on the fiscal framework that will serve to curb spending and place the public accounts on a sustainable path.

## MIDDLE EAST AND AFRICA

### Nigeria

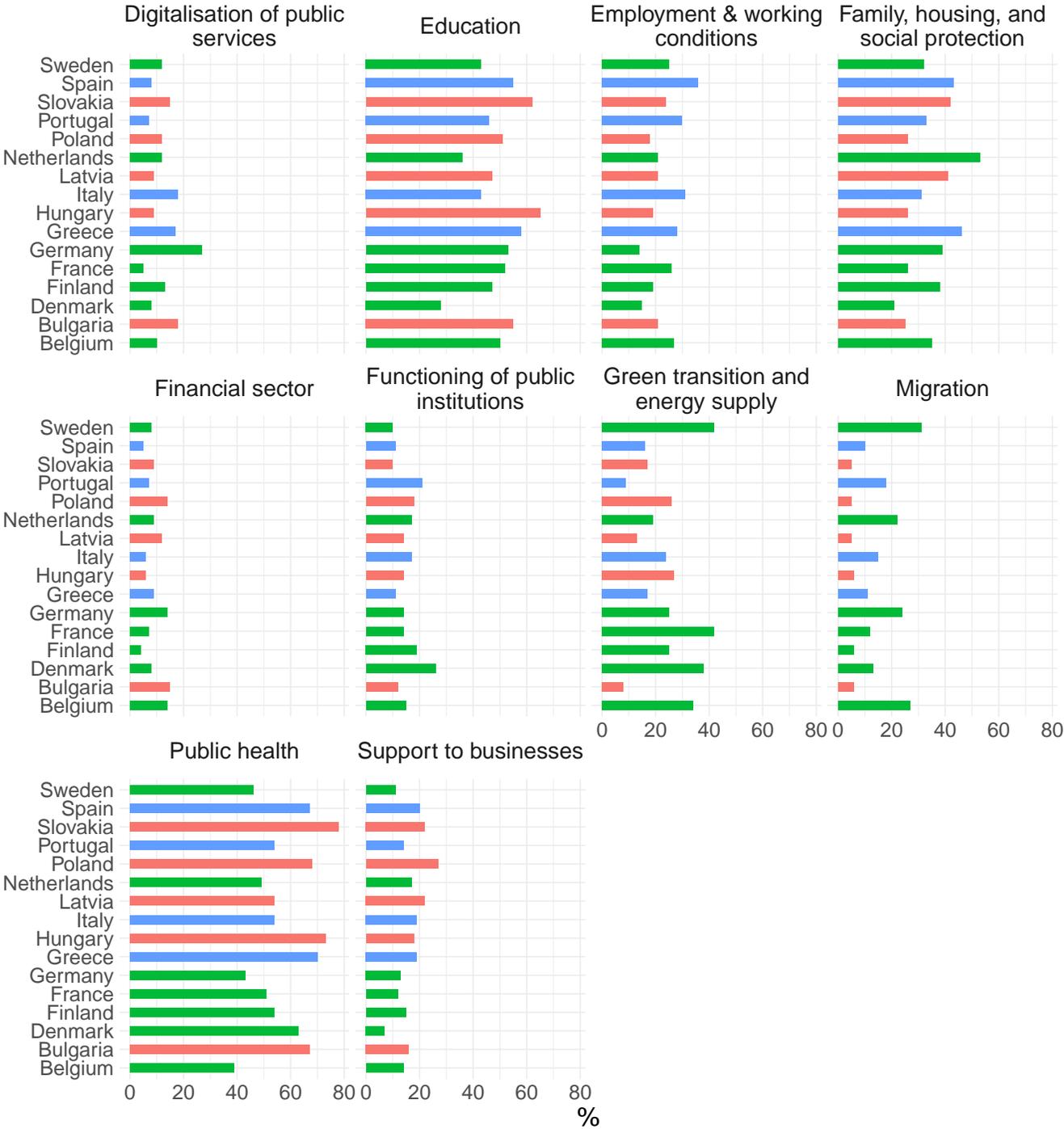
**The Nigeria Labour Congress (NLC) plans to begin a nationwide strike action on Wednesday, 7 June.** The development will mark the first political test for President Bola Tinubu's ability to stay the course on his most politically charged reform – the abolishment of Nigeria's long-standing fuel subsidy regime. The key factor to watch on whether the NLC's action will force a government u-turn on the latest fuel subsidy policy – this appears unlikely – is how disruptive the strikes will be to activities such as the functioning of public schools and hospitals, to power supply, and to the availability of

fuel in petrol stations across the country. The NLC has, over the past decade, lost its negotiating leverage when it comes to forcing the Nigerian government to accept its position on policy issues.

**GRAPH OF THE WEEK**

**European countries differ in their reform priorities**

*In which areas are reforms most needed in your country? (% by country)*



Source: Eurobarometer, May 2023

Two of the main dividing lines in European politics over the last decade – **fiscal rules and migration** – are likely to make headlines again in the coming months. On the one hand, countries are still debating the reform of the Stability and Growth

Pact after the Commission's proposal in November was received with skepticism by capitals in northern Europe. On the other hand, the Justice and Home Affairs Council will meet this week (8-9 June) to discuss important migration-related issues as part of the ongoing negotiations for the EU's new pact on migration and asylum. The presence of a radical right prime minister in Italy or the growing popularity of Alternative for Germany in the polls suggests that migration remains a politically relevant issue. Public opinion data shows that in Germany, Sweden, Belgium, and the Netherlands, citizens most strongly demand reforms in this area.

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