

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 **Turkey's** looming local elections. Meanwhile, a **US-China** working group on counternarcotics will meet, **EU** leaders will try to agree on financial support for **Ukraine**, US sanctions relief for **Venezuela** is under review, and ECOWAS will likely respond to the military regimes of **Mali**, **Burkina Faso**, and **Niger**. Our graph of the week zooms in on **shareholders' ESG proposals**.

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 31 January deadline for submitting the provisional list of candidates for **Turkey's** 31 March local elections is looming. Our director of research [Wolf Piccoli](#) analyzes the situation.

What are the opposition's chances?

The opposition camp is becoming increasingly fragmented, facilitating President Tayyip Erdogan's drive to extend his grip on power. Seven candidates are already in the run for the Istanbul mayorship, complicating the re-election plans of Ekrem Imamoglu, a key opposition figure.

Which are the candidacies to watch?

If the pro-Kurdish Peoples' Equality and Democracy (DEM) party decides to endorse the candidacy of Basak Demirtas, the wife of imprisoned Kurdish politician Selahattin Demirtas, it would become much harder for Imamoglu to prevail against Erdogan's candidate, Murat Kurum.

WHAT TO WATCH

ASIA PACIFIC

Japan

Prime Minister Fumio Kishida is expected to make his keynote policy speech for the new Diet session on 30 January. The set-piece address would usually have been held when the session opened on 26 January but was held back until after Kishida attended the Lower House Budget Committee on 29 January to discuss the political funds scandal involving the party's factions. The PM announced that the LDP will itself conduct an investigation into the scandal and also plans to hold discussions with opposition parties about revising the political funds control law.

Malaysia

Sultan Ibrahim Iskandar of Johor state will become the country's next king on 31 January. The position of constitutional monarch is rotated every five years between the hereditary rulers of nine Malaysian states. The king nominally has only ceremonial powers, but his clout has increased significantly over the past six years because of his ability to appoint

the prime minister from whoever he deems has a majority in the 222-seat parliament in a highly opaque process that involves sworn declarations by individual parliamentarians. The new king will likely be careful about signaling his willingness to receive the opposition early in his term, which means that any efforts to unseat Anwar will have to be done through regular parliamentary processes – which will be easier for the ruling coalition to counter.

US/China

A bilateral working group on counternarcotics, which is expected to focus on fentanyl precursors, will hold its first joint meeting in Beijing on 30 January, the White House said on Sunday. An unnamed US official added that the Biden administration has information that the Chinese government launched enforcement actions against Chinese precursor chemical companies following the [summit](#) between US President Joe Biden and Chinese President Xi Jinping in November.

EUROPE

EU/Ukraine

The 1-2 February European Council will consider topping up the 2021-27 EU budget, including a four-year EUR 50bn macro-financial support package for Ukraine. If Hungary maintains its veto on creating the new Ukraine facility, the remaining 26 member states will act alone, although such a scenario could lead to further delays due to legal and technical questions.

Serbia/Kosovo

A new Central Bank of Kosovo (BQK) regulation allowing cash payment transactions in Kosovo to be carried out only in euros comes into force on 1 February. If enforced strictly, the regulation would negatively affect residents in Serb-majority municipalities, where Serbia's dinar is widely used for cash payments. Unless Kosovo suspends the regulation or comes under extensive international pressure, the move could destabilize already volatile relations between Belgrade and Pristina.

LATIN AMERICA

Venezuela

US sanctions relief is under review this week after the regime-controlled Supreme Court (TSJ) on 26 January upheld a political ban on opposition presidential candidate Maria Corina Machado (MCM), which means she cannot compete in elections. President Nicolas Maduro's own assessment late last week that the October 2023 Barbados Agreement, which established a set of minimum conditions for the 2024 presidential elections in return for sanctions relief, is on the brink of collapse strongly suggest that the thaw in relations has ended. Maduro's new "Bolivarian Fury" plan to "restore peace" to Venezuela – in fact a systematic crackdown on opposition to his regime – is likely to intensify this week. The launch of "Bolivarian Fury"; the exposure of five alleged "plots" against Maduro; and a related military purge all indicate a hardening on the part of the regime as it assesses whether to hold elections later this year, and if it does, how to control the outcome.

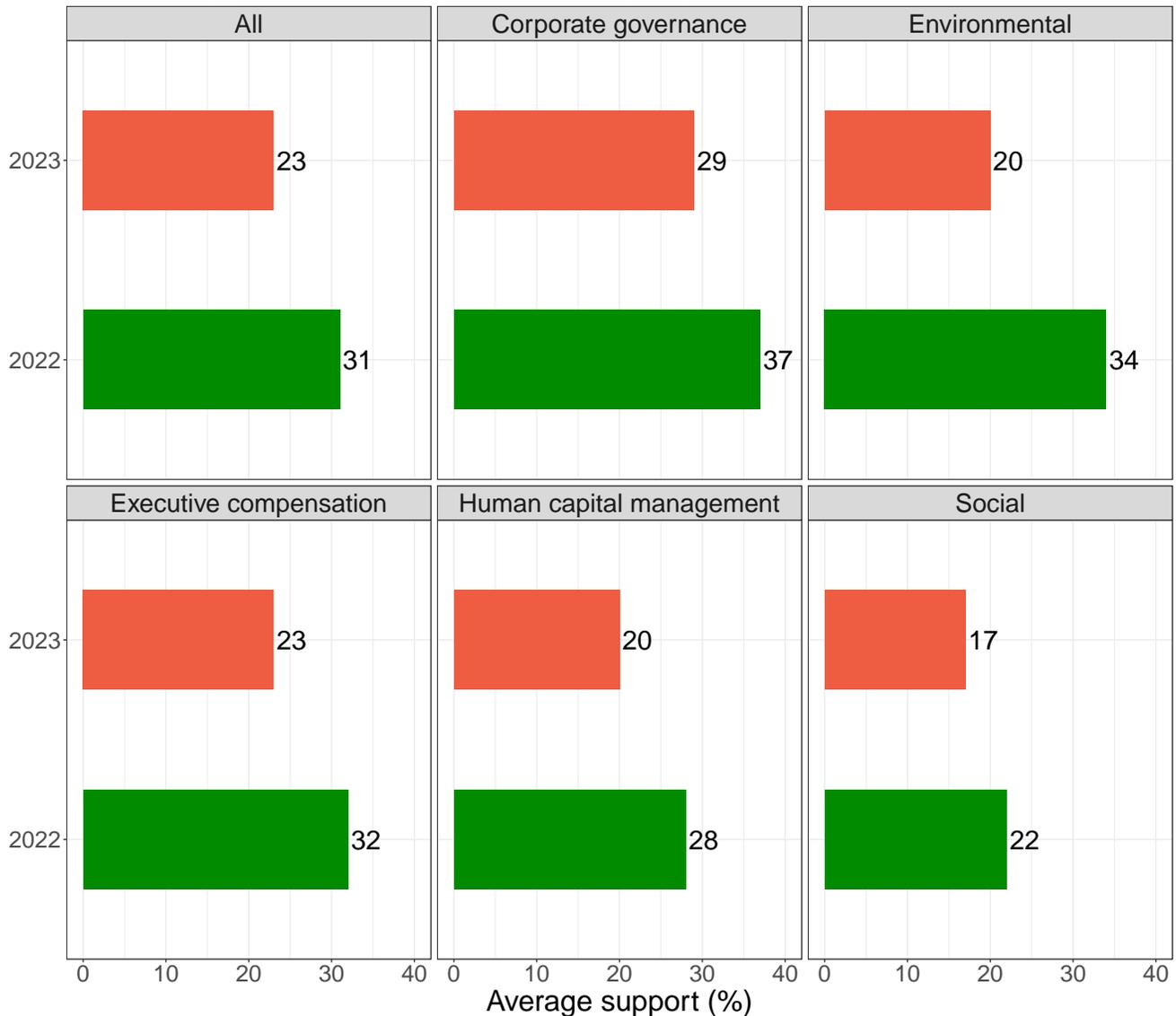
MIDDLE EAST AND AFRICA

West Africa

The Economic Community of West Africa States (ECOWAS) will likely issue a substantive response this week to the latest statement from the military regimes in Mali, Burkina Faso, and Niger. The putschist leaders in Mali, Burkina Faso, and Niger confirmed in a joint statement on 28 January their decision to withdraw their ECOWAS membership, citing displeasure with bloc. However, the development was likely triggered by ECOWAS' continued pressure on the three military regimes to return their respective countries to civilian rule as a condition for lifting sanctions. ECOWAS has so far stated that it has yet to receive a formal notification of withdrawal from the three countries and will likely wait until such a notice is received to publicly confirm its next plan of action.

GRAPH OF THE WEEK

Support for ESG shareholder proposals decreased in 2023



Source: The Conference Board

As the number of **shareholders' ESG proposals** in the US goes up every year, the average support for these has decreased significantly over the last year. This is particularly evident in the case of environmental proposals, which have decreased by 14 points, as some institutional investors considered climate-related proposals too ambitious. However, one reason for this decline is that the number of climate-related proposals rose significantly in just one year, from 466 to 513. At the same time, given the increasing backlash, 2023 also saw a significant increase of proposals from anti-ESG groups, although average support for these remains very low (around 5%).

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