

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 new **EU** sanctions on **Russia**. Meanwhile, **Thailand's** former prime minister was released from jail, the **European** Commission president is seeking a second term, **Brazil's** president has been declared persona non grata in **Israel**, and the annual budget will be presented in **South Africa**.

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 **EU** is set to impose restrictions on hundreds of **Russian** entities and individuals as part of its 13th sanctions package. Our Central and Eastern Europe expert [Andrius Tursa](#) analyzes the situation.

What will the 13th package look like?

The package will be adopted around the second anniversary of Russia's full-scale invasion of Ukraine on 24 February. It might also entail entities from third countries such as China and India but will not feature any substantial economic restrictions on Russia.

What is the outlook for sanctions and the conflict on the ground?

New economic restrictions might be the focus of a subsequent (14th) package. Meanwhile, the Kremlin marks the anniversary with the hard-fought occupation of the Avdiivka city in the Donetsk region, which signals Russia's growing military advantage on the frontlines.

WHAT TO WATCH

ASIA PACIFIC

Japan

Prime Minister Fumio Kishida is again under pressure after his Cabinet's abysmal approval ratings fell even further in the latest round of public opinion polls. The Cabinet's average approval rating across 8 major polls in February slipped to around 21%, with disapproval averaging around 67%. The LDP's performance in Diet by-elections in April is sure to be watched closely within the ruling party, but with no obvious alternative having emerged so far, the PM is likely safe in his position until the LDP leadership election scheduled for September.

Mainland China/Taiwan

Mainland China's coast guard briefly boarded a Taiwanese tourist vessel near the Taiwanese-controlled island of Kinmen on Monday, Taiwan's coast guard said. A day earlier, the mainland coast guard announced it would carry out regular patrols near Kinmen after two mainland nationals died when their ship capsized while fleeing Taiwan's coast

guard. The mainland inspection of the tourist boat lasted half an hour and concluded without incident, but frequent, coercive inspections of Taiwanese ships would increase the risk of cross-straits escalation.

Thailand

Former prime minister Thaksin Shinawatra was released on 18 February after being granted parole due to age and illness, and he is now at his Bangkok residence. He will likely stay out of the public view and active politics for the next few months. He is still accused of having violated the country's strict lese majeste law and the attorney general will rule in April on his possible indictment. However, the line of visitors to his home will be watched closely, although Prime Minister Srettha Thavisin has said he has no immediate plans to visit. But the consensus view is a gradual return to some political role is inevitable, assuming that his supposed health problems are not serious.

EUROPE

EU

Ursula von der Leyen has officially announced that she will seek another term as European Commission president. Her renewed candidacy was backed by her German party, the Christian Democrats (CDU) on 19 February. However, the official nomination will be conducted by the center-right European People's Party (EPP) in early March. Most importantly, among EU member state leaders in the all-important European Council, support for von der Leyen appears to be strong. Amid increasing support for the far right across the bloc and in the next European Parliament, von der Leyen will shift her programmatic focus from green issues to security and industrial policies.

Turkey

The deadline for political parties to submit their candidate lists for the local elections expires on 20 February. On 31 March, around 64mn eligible voters will select mayors and other local office holders across Turkey's 81 provinces. For President Tayyip Erdogan, the vote represents the chance to seek political revenge for the 2019 local elections when his party lost the Istanbul and Ankara municipalities to the opposition. Erdogan is better placed to extend his grip on power than five years ago, but he is unlikely to regain control of Ankara. As for Istanbul, the race is wide open. If Erdogan fails to win back Turkey's largest city, concerns will emerge about the durability of the shift to economic orthodoxy.

LATIN AMERICA

Brazil

President Lula da Silva being declared persona non grata by the Israeli government following a remark likening the war in Gaza to the Holocaust which sent shock waves through the Brazilian political establishment. The president made the remark to a journalist at the 37th African Union Summit in Addis Ababa on Sunday, 18 February. The Israeli government said it would only change President Lula's status if and when he retracted what he said. Lula says he does not intend to do so. During his speech at the summit, he condemned both the Hamas attack against civilians and Israel's "disproportionate response," but did not mention the holocaust. The episode shows once again how President Lula has difficulty avoiding veering to the left in matters relating to foreign policy. This mirrors his attitude during his two previous mandates and seems intended to appease the more progressive wing of his base, starting with his own Workers' Party (PT).

MIDDLE EAST AND AFRICA

South Africa

Finance Minister Enoch Godongwana is due to present the annual budget on 21 February. No macro improvement is expected in Wednesday's budget; in fact, headline figures may look worse than those projected in the 2023 mid-term budget. Godongwana's fiscal wiggle room and spending capacity is severely constrained by weak growth and revenue. His budget may

sound surprisingly austere for an electoral year in which the ruling ANC faces losing its legislative majority for the first time in three decades, but it may do little to stabilize South Africa's fiscal and debt trajectory.

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