

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 power outages in **Nigeria**. Meanwhile, by-elections will be held in **Japan**, **Turkey's** central bank is posting losses, a deadline is looming for presidential candidacy registrations in **Venezuela**, and **Israeli** politicians remain divided on the response to Iran's attack. Our graph of the week zooms in on **EV sales**.

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

Public backlash is likely to follow reports suggesting another collapse of **Nigeria's** national grid in the early hours of 15 April. Our West Africa expert **Manji Cheto** analyzes the situation.

What happened?

Total blackout has been reported across the country, although the Transmission Company of Nigeria (TCN) has yet to formally confirm a grid collapse. If confirmed, the event would mark the fifth grid collapse in the country this year, and the first since electricity regulator, the National Electricity Regulatory Commission (NERC), approved a major electricity tariff hike on 3 April.

What are the societal repercussions?

The price hike saw some consumers having to pay 300% more for electricity, with the promise of increased supply. Since that hike, service uptimes have remained unchanged, prompting public condemnation of the regulator.

WHAT TO WATCH

ASIA PACIFIC

[China/Israel/Iran](#)

China's foreign ministry is "deeply concerned" about Middle East tensions after [Iran launched drones and missiles into Israel](#). The foreign ministry statement on Sunday said "relevant parties" should "exercise restraint to avoid further escalation." Last week US Secretary of State Antony Blinken urged Chinese foreign minister Wang Yi to pressure Tehran not to retaliate against Israel.

[Japan](#)

After returning from a successful [state visit to the United States](#), Prime Minister Fumio Kishida's focus now switches to the Diet by-elections to be held on 28 April. The LDP will compete in only one of the three seats, turning the Shimane-1 vote into the main bellweather for the ruling party. Initial polling suggests that Kishida's approval rates may have

received a minor bump from the trip, but 80-90% of voters remain deeply unhappy with the [LDP's response to its political funding scandal](#).

EUROPE

Croatia

Prime Minister Andrej Plenkovic's Croatian Democratic Union (HDZ) is set to win most mandates in the snap parliamentary elections scheduled for 17 April. He holds the best chances of leading the next cabinet. However, HDZ might emerge weakened after the vote and find it difficult to secure the absolute majority support required to form a government. A more fragmented parliament could also pave the way for a diverse coalition led the Social Democratic Party (SDP), which would increase unpredictability and instability.

Germany

19 April was initially intended to mark the deadline for ministers to hand in their 2025 spending plans at the finance ministry. However, Finance Minister Christian Lindner has pushed the deadline back to 2 Mai. Amid a currently expected budget hole of up to EUR 25bn, ministers will effectively have to present plans for cuts, likely further straining already tense relations within the traffic light coalition. For now, the goal is still to agree the 2025 budget by early July.

Spain

The Basque Country region will hold elections on 21 April. The incumbent center-right Nationalist Basque Party (PNV) and the far-left pro-independence EH-Bildu are currently head-to-head in the polls. While a good result by EH Bildu would probably reignite the debate about Basque secessionism, a unilateral push for independence by the regional authorities remains improbable. Moreover, the Basque election is unlikely to impact the stability of the national government led by Prime Minister Pedro Sanchez.

Turkey

The Central Bank (TCMB) posted a loss of TL 818.2bn (USD 25.2bn) in 2023, as indicated in its balance sheet published in the Official Gazette on 14 April. This outcome stands in marked contrast to the TL 72bn profit registered in 2022. As a result, the TCMB will be unable to make any much-needed transfer to the Treasury. The steep loss largely stems from the "KKM" foreign exchange-protected lira deposits – a scheme launched in 2021 designed to act as a backstop for the TL that the authorities have been struggling to unwind since mid-2023. As of 28 March, the volume of KKM accounts was still TL 2.27tn.

LATIN AMERICA

Venezuela

The opposition Democratic Unitary Platform (PUD) umbrella group has until 20 April to get a presidential candidate on the ballot for the July elections. Candidates' names, faces, and logos cannot be changed after this date. An agreement will depend on Maria Corina Machado (MCM), who has been barred from participating, and Zulia state governor Manuel Rosales, who controversially registered as a candidate on behalf of his A New Era (UNT) party at the last minute after MCM's proxies were blocked. Additionally, the six-month period of partial sanctions relief granted by the US expires on 18 April. While it has emerged that a regime delegation held a meeting with US officials last week, the backsliding from the October 2023 Barbados agreement makes a blanket renewal highly unlikely, though the Biden administration may worry that a complete re-imposition of sanctions would have negative consequences on migration outflows from Venezuela and oil prices, while it could also trigger a fresh crackdown by Maduro against the opposition.

MIDDLE EAST AND AFRICA

Israel/Iran

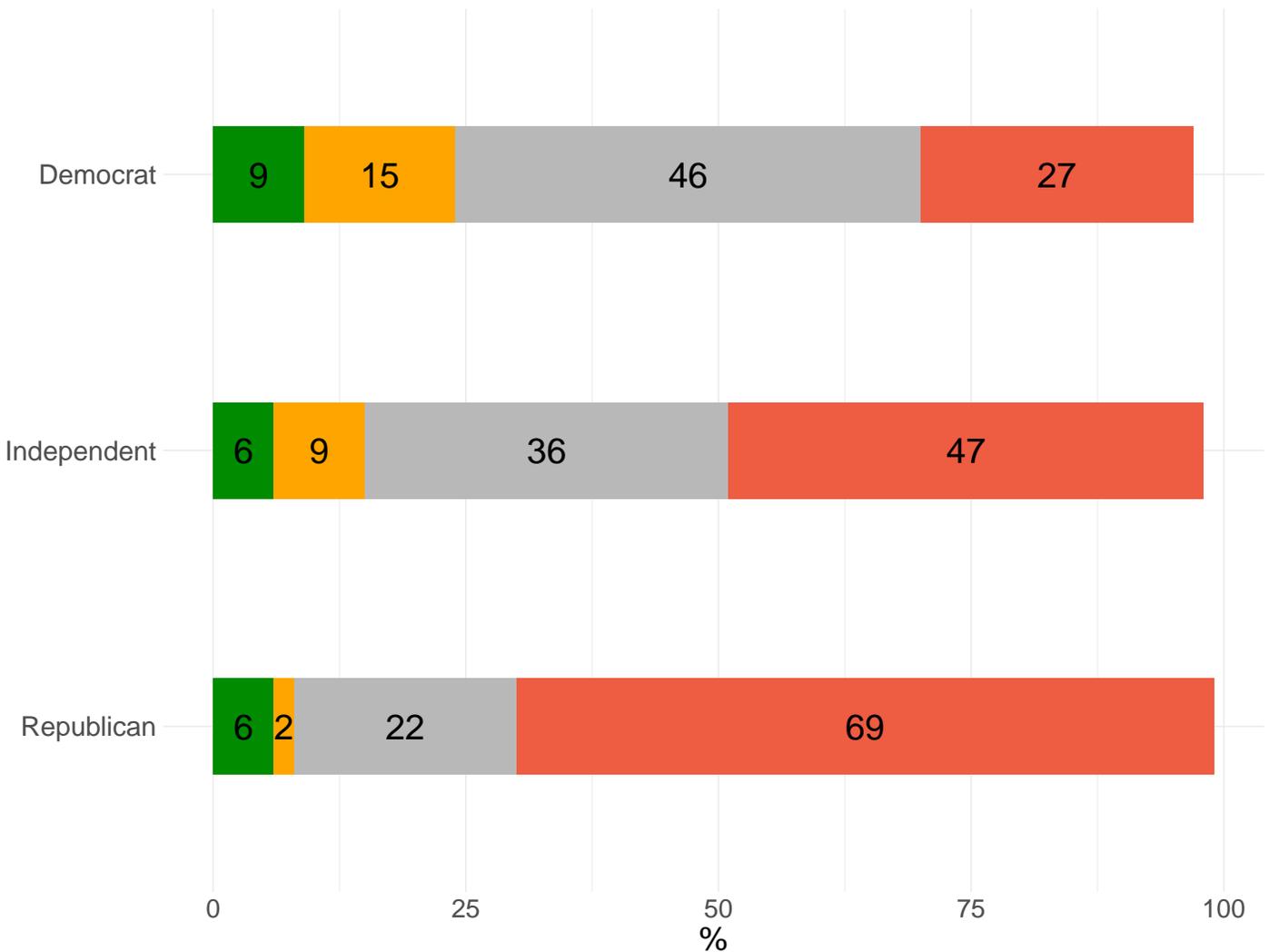
Israeli politicians remain divided on the appropriate response to Iran’s weekend attack. Externally, Israel’s allies are seeking to deter a direct military response. In the US, the events will add significant pressure on Congress this week to advance a supplemental aid package for Israel and Ukraine, particularly given Russia’s quick defense of Iranian actions, the extensive use of Iranian drones across both conflicts, and the demonstrated effectiveness of Western military technology.

GRAPH OF THE WEEK

The politics of (electric) cars

Thinking now about electric vehicles, which of the following applies to you?

- Currently own
- Seriously considering buying
- Might consider in future
- Would not buy



Source: Gallup, March 2024

The sale of **electric vehicles** has increased substantially in recent years, even if it remains below governments’ targets in most countries. This trend is particularly notable in many advanced economies such as the EU, the UK, and some US states which have pledged to ban the sale of new petrol and diesel cars within the next 10-15 years. Politics, however, is likely to get in the way, as seen with the recent pushback to climate-conscious measures across the EU. This is explained not only by the short-term economic cost of transitioning to a greener economy, but also by political realignment. As education becomes increasingly a proxy for partisanship these trends are also reflected in consumption patterns, as observed in the chart above. Local debates, such as

the recent referendum in Paris on whether to impose higher parking fees on highly polluting SUVs and the contentious politics surrounding ultra-low emission zones, show the prevalence of these discussions.

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