

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 joint US-**Philippines** security exercises. Meanwhile, the Bank of **Japan's** monetary policy committee will meet, new US military support will be crucial for **Ukraine**, **Venezuela's** opposition has agreed on a unity presidential candidate, and **Nigeria's** government has received a major support package. Our graph of the week zooms in on **European support to Ukraine**.

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

Approximately 16,700 soldiers from the US and the **Philippines** are holding their annual joint exercises, known as "Balikatan," from 22 April to 10 May. Our Southeast Asia expert [Bob Herrera-Lim](#) analyzes the situation.

What elements will the exercise entail?

According to the Philippine government, it will for the first time involve naval exercises outside Philippine territory, particularly in the South China Sea, involving the navies and coast guards of the two countries.

What does this tell us about the regional security outlook?

The enlarged scope of the exercises, including the ongoing improvements on the Batanes island group in the north just 200km south of Taiwan, are likely to further highlight Manila's security realignment and the increase in South China Sea risk.

WHAT TO WATCH

ASIA PACIFIC

Indonesia

The Constitutional Court upheld the result of the 14 February elections. It dismissed today, 22 April, the two cases filed by defeated presidential candidates Anies Baswedan and Ganjar Pranowo against the election victory of President-elect Prabowo Subianto. With the victory, Prabowo is expected to focus on expanding his coalition, which as of now only has 48% of parliamentary seats. The legal challenge against Prabowo's win was not accompanied by any major protests or demonstrations, unlike President Joko Widodo's in 2019, which sustains the near-term outlook for a stable transition.

Japan

The Bank of Japan's monetary policy committee will meet on 25-26 April, but is not expected to raise interest rates again after [the historic hike announced in March](#). This is despite concerns that the rate differential between the BOJ and the Federal Reserve—which has driven the yen to a [34-year low](#) against the dollar—could contribute to further imported

cost-push inflation in Japan. The MPC will also publish revised economic growth and inflation forecasts in its quarterly Outlook Report, including a first round of forecasts for FY2026.

US/China

On Saturday the US House of Representatives approved a revised bill to [ban TikTok](#) from the US unless its Chinese parent company, ByteDance, divests from the app. The Senate appears likely to pass the House bill, which will be packaged together with legislation to provide military aid to Ukraine, Israel, and Taiwan. President Joe Biden has promised to sign the bill if it passes Congress.

EUROPE

US/Ukraine

Following the passage of the USD 61bn military aid package by the House of Representatives on 20 April, Kyiv is anticipating the legislation to be adopted by the US Senate and signed by President Joe Biden this week. The expected renewal of US military support is an important step that will likely help the Ukrainian forces slow down or even halt Russian advances across the frontline at least in 2024. In addition to US support, in the coming months the Ukrainian forces will also benefit from the recently amended mobilization law, the expected arrival of F-16 jets and additional supply of munitions under the Czech initiative. However, the coming few weeks – until sufficient volumes of US military support are delivered and distributed – might be particularly challenging for Ukraine.

LATIN AMERICA

Brazil

The row between the House Speaker and the government continues over the disbursement of funds requested through committee and bench amendments. House Speaker Arthur Lira continues to attack the Institutional Relations Secretary (SRI) of the Presidency Alexandre Padilha for allegedly operating behind the scenes to block amendments that do not go through his cabinet for approval. The government reissued an ordinance to reiterate the SRI's oversight over the matter, thus overriding a determination approved by Congress last year in the Budget Guidelines Law (LDO) that ended such oversight. Lira sees the new ordinance as a provocation by the government that could delay the pace of disbursement even further. So far, only BRL 2.6bn (USD 500mn) of BRL 20.5bn (USD 4bn) set out for disbursement until next June has been approved. The Lula administration seems confident that the economic agenda, including fiscal matters, will not be adversely affected by the sour climate with Lira. The president intends to meet the leaders of both chambers of Congress this week in an attempt to find common ground and put an end to the ongoing impasse.

Venezuela

The Democratic Unitary Platform (PUD) opposition coalition has agreed on a unity candidate for the July presidential election. He is Edmundo Gonzalez Urrutia, a former diplomat who originally signed up as a provisional candidate to ensure that the opposition had a place on the ballot, but who was seen as likely to make way for someone with greater name recognition. Shortly before a 20 April deadline to finalize candidacies, Manuel Rosales of the A New Time (UNT) party agreed to withdraw from the race and back Gonzalez, who also enjoys the support of Maria Corina Machado (MCM), who the regime has barred from participating. The questions now are whether Gonzalez – with the popular MCM behind him – can galvanize voters on the campaign trail, and how the regime led by President Nicolas Maduro reacts to the opposition's stronger-than-expected spirit of unity. An early indication that the regime will continue to impede the opposition came last night, 21 April, as the UNT and another party that initially backed Rosales revealed that the National Electoral Council (CNE)'s IT system was not allowing them to switch their support to Gonzalez.

MIDDLE EAST AND AFRICA

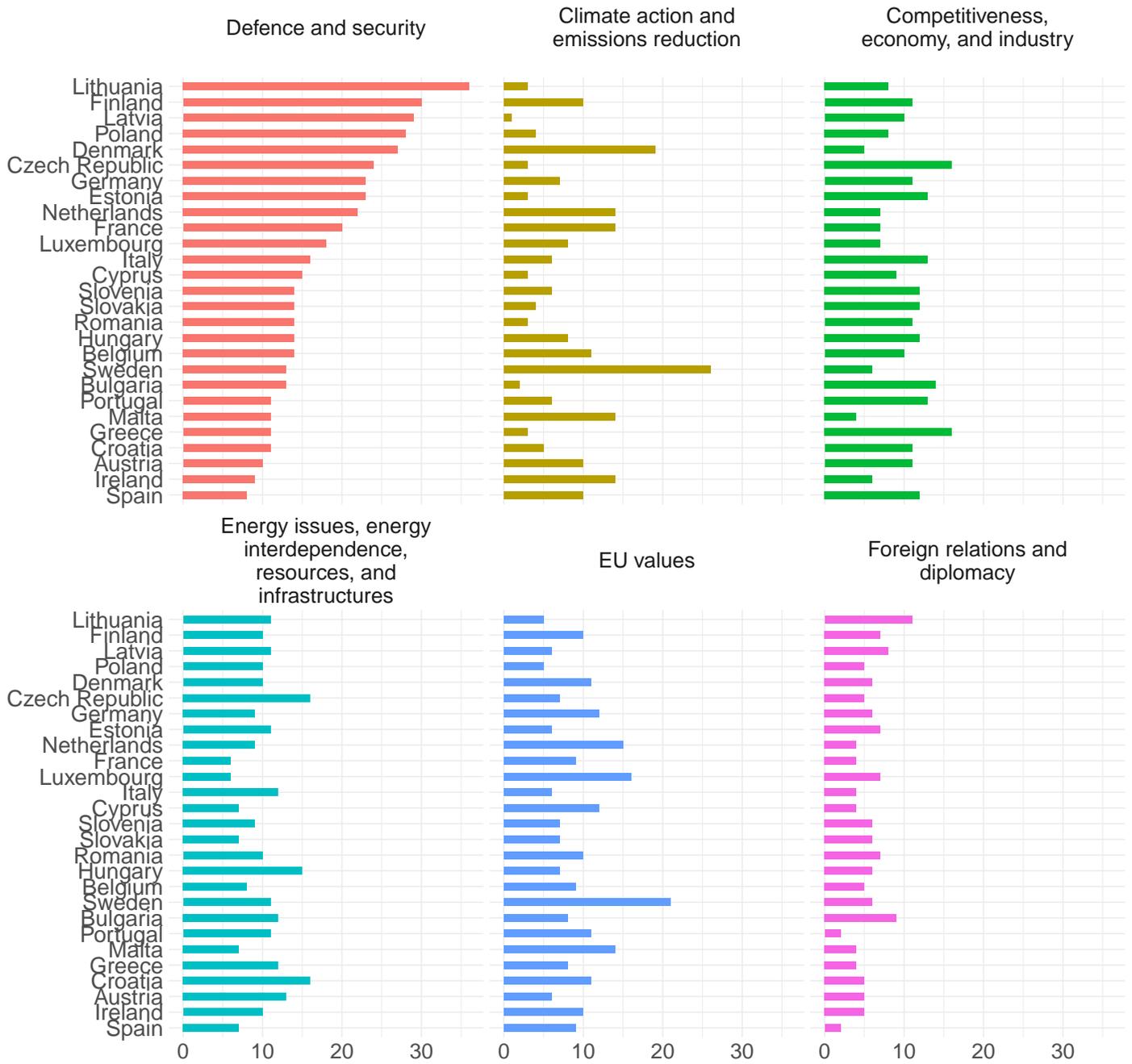
Nigeria

The government has received a major support package that could compliment recent improvements in monetary policy. Notably, Finance Minister Wale Edun disclosed at the latest spring meetings of the International Monetary Fund (IMF) and the World Bank that the country has qualified for a total loan package deal of USD 2.25 billion with an extended repayment period of 40 years, including a 10-year moratorium and an interest rate of approximately 1%. The loan, which is still pending final approval from the World Bank's Board of Directors, could provide crucial support to Nigeria's economic recovery efforts amidst ongoing challenges. It will also likely signal international financial institutions' approval of the Bola Tinubu administration's recent reform efforts.

GRAPH OF THE WEEK

Defence and security are not key priorities across Europe

Which of the following aspects should the EU focus on in order to reinforce its position in the world?



Source: European Parliament Spring 2024 Survey

After US legislators approved a USD 60.8bn **aid package for Ukraine**, the focus is again shifting to Europe. EU foreign and defense ministers are meeting today, 22 April 22, to explore additional support measures for Ukraine against the backdrop of Russia’s recent progress and a likely summer offensive. However, so far, the willingness to act has varied across EU capitals. Berlin, for instance, has launched the “Immediate Action on Air Defense (IAAD) initiative”, while Spain and Greece face growing calls to contribute additional air defense systems. However, a survey published by the European Parliament reflects major disparities in the perceived urgency to act on this front, with countries such as Finland, Denmark or Germany prioritizing defense

and security concerns more than Spain, Greece, and Portugal. The chart also suggests that geographical differences significantly influence attitudes toward defense and security, as well as climate change issues.

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