

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 a key political succession race in **Vietnam**. Meanwhile, **China's** Communist Party has published outcomes from its long-awaited third plenum meeting, another election could be ahead in **Bulgaria**, **Venezuela's** presidential vote should take place on 28 July, and a new national minimum wage will likely be approved in **Nigeria**. Our graph of the week zooms in on voter perceptions of **government incompetence**.

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 funeral for former Communist Party of **Vietnam** (CPV) general secretary Nguyen Phu Trong will be held on 25-26 July in Hanoi. Our East Asia expert [Bob Herrera-Lim](#) analyzes the situation.

Who will succeed Trong?

The political maneuvering to succeed Trong had been already going on for several months between President To Lam and Prime Minister Pham Minh Chinh. How much his death alters the succession process is still unclear.

What are the possible scenarios?

It could allow a quicker consolidation by the presumed frontrunner, who is Lam, especially if there is a purge soon of Chinh allies; however, since CPV transitions can remain unpredictable until the end, it may also result in increased political uncertainty if Chinh is able to upset Lam's status as the favorite to succeed Trong.

WHAT TO WATCH

ASIA PACIFIC

China

The Communist Party's top body published outcomes from its [long-awaited](#) Third Plenum meeting on Sunday, after the meeting concluded last week. The Third Plenum Decision calls for fiscal reforms to grant cash-strapped local governments more revenue and reaffirms President Xi Jinping's call for re-orienting the economy towards "new productive forces," Xi's slogan for technology-driven growth.

Japan

Tokyo's consumer price index (CPI) data for July on 26 July will offer a leading indicator of whether Japan's inflation rate continues to accelerate above the Bank of Japan's 2% target. Nationwide data showed that core CPI (excluding fresh food) rose to 2.6% in June from 2.5% in May, while core-core CPI (excluding fresh food and energy) rose to

2.2% in June from 2.1% in May. With the yen recently plumbing a 38-year low of 161 to the US dollar, the BOJ is watching carefully for the effects of pass-through inflation as it weighs a possible second interest rate hike of the year on 31 July.

EUROPE

Bulgaria

On 22 July, the second-largest parliamentary group consisting of We Continue the Change and the Democratic Bulgaria (PP-DB) immediately returned the mandate to form the government to President Rumen Radev (independent). Radev now has seven days to give the mandate to a party of his choice in a last attempt to form a government after the June parliamentary elections. However, the probability of success is low due to continued political disagreements among parties as well as internal splits/disagreements within multiple political groups. A new general vote – already the seventh since 2021 – could be held in October/ November.

Ukraine/Hungary/Slovakia

Slovakia and Hungary are experiencing a significant decline in Russian oil supplies via the Druzhba pipeline crossing Ukraine, which could lead to fuel and energy price hikes as well as shortages in the medium term. Russian supplies declined after Kyiv had significantly expanded sanctions on Moscow-based private oil company Lukoil. While an eventual diplomatic solution is likely, the dispute further heightens political tensions between Kyiv and two Moscow-friendly governments in Central Europe, Hungary and Slovakia.

LATIN AMERICA

Venezuela

The presidential election pitting President Nicolas Maduro against the opposition candidate Edmundo Gonzalez should take place on 28 July. While a victory for Gonzalez – who is the stand-in for the popular but spuriously barred opposition figurehead Maria Corina Machado – seems the most natural outcome given the mood on the streets and based on polling, it is far from clear that the regime would accept defeat. Over the next few days, Maduro will likely step up regime efforts to discourage participation, ramp up giveaways to voters, intimidate and harass the opposition campaign, spread disinformation (for example with the claim that Gonzalez has cancer), try to shore up the support of the military, and possibly seal preparations for an election fraud. Maduro last week warned of a “bloodbath” and “civil war” if the Chavista movement loses. Meanwhile, Machado’s security coordinator was briefly held by security forces, and vehicles used by the Machado team were vandalized, one of them by having its brake hose severed. The opposition is hoping that the weight of public support for Gonzalez will make Maduro desist from a fraud, or at least convince the military to withdraw support for Maduro in the event of his defeat.

MIDDLE EAST AND AFRICA

Nigeria

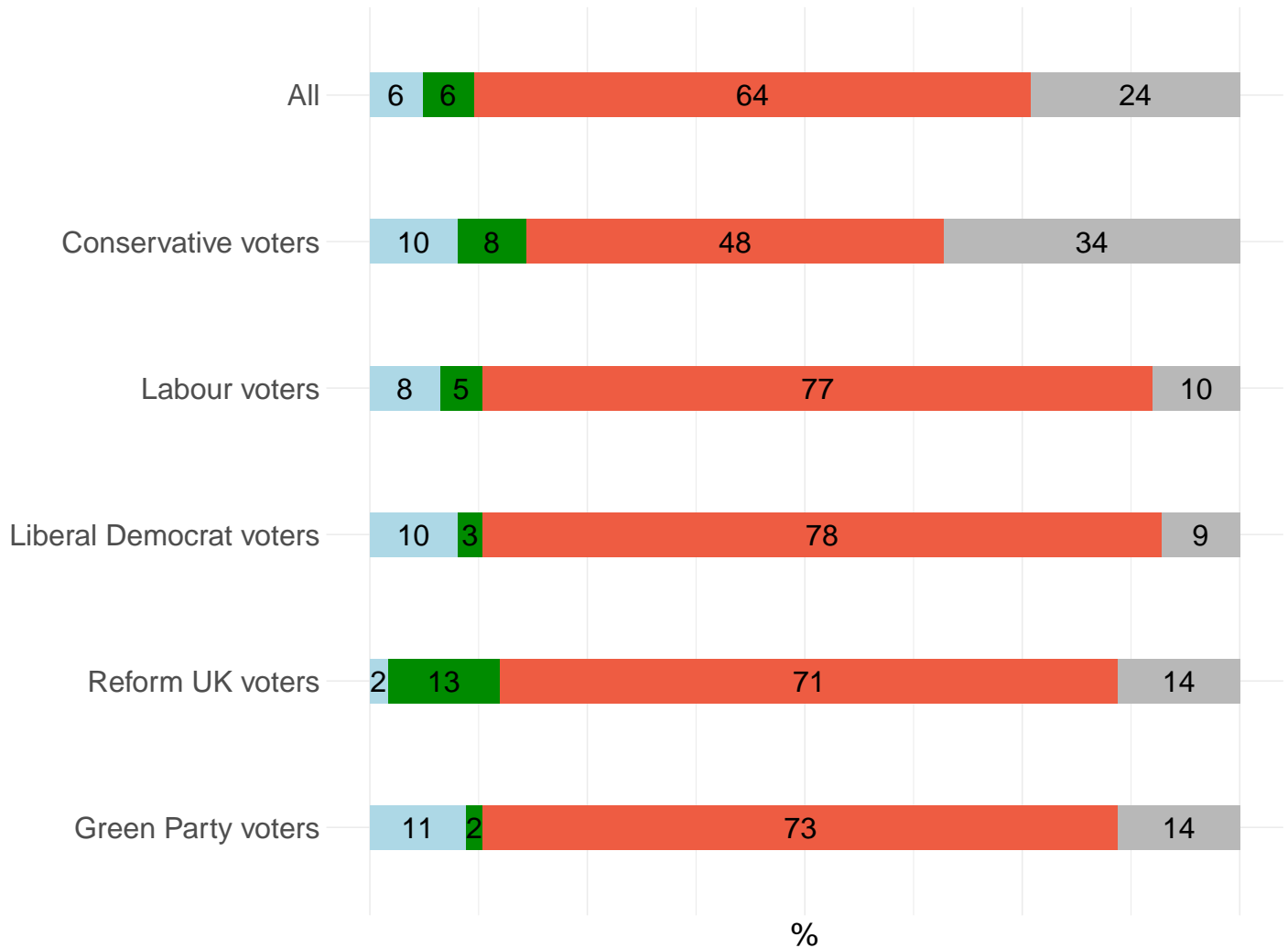
The National Assembly is expected to receive an Executive Bill for the approval of a new national minimum wage on 23 July. The development follows an agreement between President Bola Tinubu and the leaders of the two major labor unions – the Nigerian Labour Congress (NLC) and the Trade Union Congress (TUC) - following protracted and contentious negotiations on the issue. The new national minimum wage has been agreed at NGN 70,000 (or roughly USD 43) per month, up from USD 30,000 (or roughly USD 20).

GRAPH OF THE WEEK

Incompetence, not ideology, drove UK Conservatives' defeat

Which do you think best explains why you think the Conservatives lost this election

■ They were too right wing
 ■ They were too left wing
 ■ They were incompetent
 ■ Don't know



Source: More in Common, July 2024

Widespread perceptions of the Conservatives' incompetence in government played a significant role in their electoral loss in the recent **UK elections**. A new survey shows that these perceptions overshadowed ideological considerations: 64% of the electorate believes that incompetence, rather than being too right-wing or too left-wing, explains the Tories' defeat. The impact of ideology and competence cannot be easily separated. Research shows that parties are perceived as more competent when they are more ideologically moderate. Nevertheless, these results suggest that perceptions of incompetence still hurt parties electorally, even in an age of ideological polarization.

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