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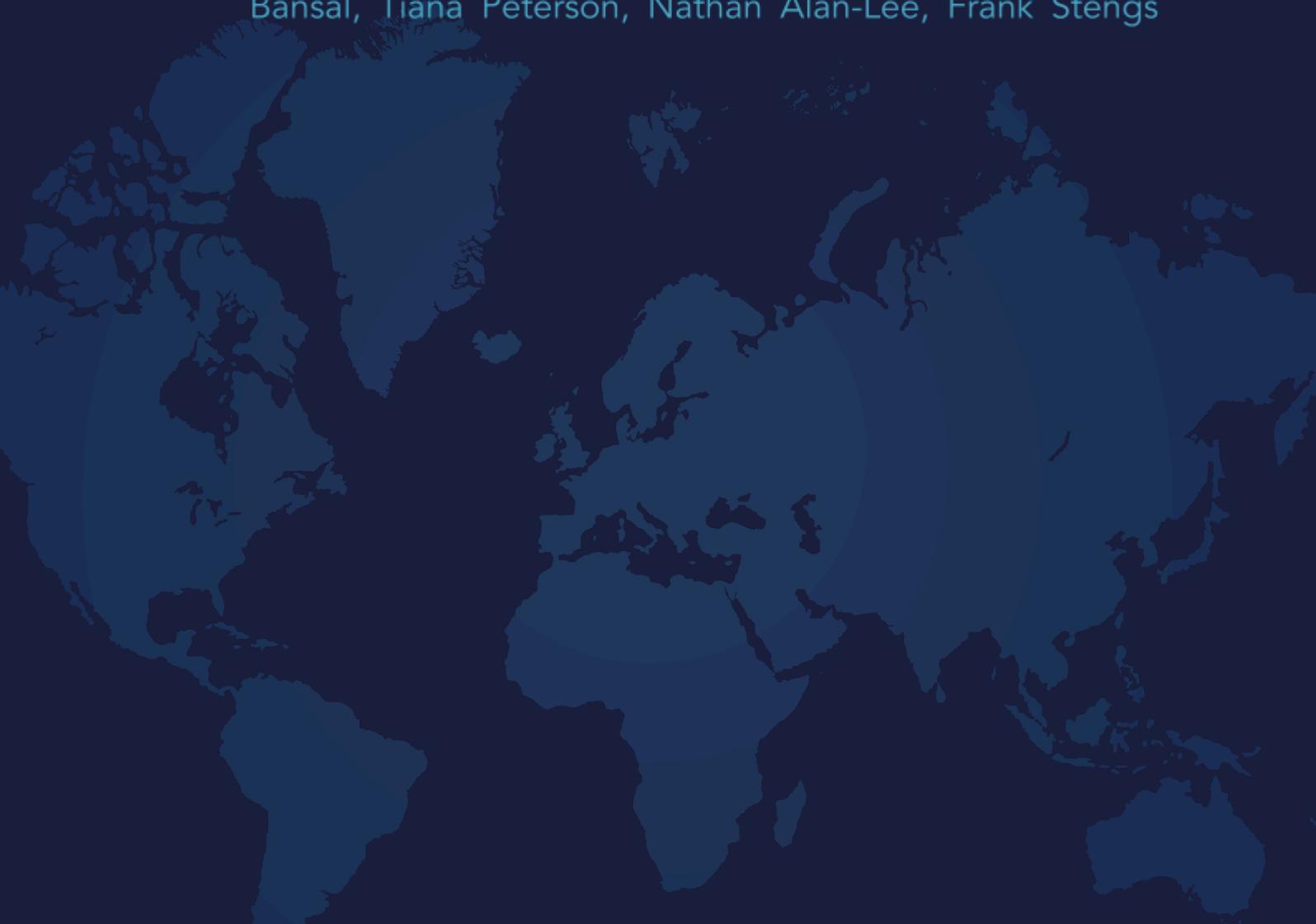
REPORT

# 2024 Elections Report

Comprehensive report on the risks and opportunities of the upcoming 2024 elections - with a focus on commodities

2 February, 2024

Peter Fawley, Polina Leganger Bronder, Elise Agdestein, Katharina Lobo, Lorenzo Rezzonico, Keith Sonia, Chirag Bansal, Tiana Peterson, Nathan Alan-Lee, Frank Stengs



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## About us

### London Politica

London Politica is the world's largest political risk advisory for social impact. We support our diverse range of clients with bespoke analysis and actionable intelligence to empower them to navigate the increasingly volatile political environment.

London Politica was set up to democratise political risk. We aim to provide political risk analysis and forecasting to those organisations, NGOs, and companies who need it most, operating in some of the globe's most unstable regions, but who do not necessarily have the capacity traditionally to employ such counsel.

By bridging this gap, London Politica aims to be a force for good, in an industry otherwise short of young perspectives. Our talented team of analysts offer fresh insight into local, regional, and global trends.

### Global Commodities Watch

The global commodity markets and supply chains that we all depend on for modern life; from providing consumer tech to South American markets, to key foodstuffs to Europe and Africa, or raw materials to China and the US are becoming increasingly fragile and fraught. A perfect storm of increasing demand, geopolitical competition, and politicisation (or even weaponisation) has already, and will continue to, impact previously globalised and secure commodities and their supply chains with a myriad of political, economic, social, climate change mitigation, and security consequences for all areas of the globe as the pressures of the 21st century mount. The risk of de-globalisation and severe instability looms larger than it has in decades.

As part of London Politica's efforts to track these trends, analyse their impact and provide actionable intelligence and forecasts to our clients, policymakers, NGO's, charities, and industry we've set up our Global Commodities Research Programme, where our specialists will uncover, track, and analyse commodity markets and their pressures, politicisation and the impact of ongoing geopolitical competition and explore what this all might mean for you.



## Authors

### Frank Stengs

Frank is a Programme Director at London Politica. He is currently an MA Candidate in International Political Economy at King's College London. His research interests include geopolitics, commodity and financial markets, and energy politics. Frank has worked at Shell as a regulatory affairs intern on the trading desk and interned at the Dutch Atlantic Association, a trans-Atlantic security think-tank based in the Hague and led the International Association of Political Science Students' (IAPSS) in Europe.

### Nathan Alan-Lee

Nathan is a Senior Analyst at London Politica and a PhD Researcher at UCL School of Slavonic and East European Studies. He has worked as a regional expert with his analysis appearing in *Le Monde*, *Politico*, and the Center for European Policy Analysis. His focus is on energy security in Central and Eastern Europe, and looks at key natural resources necessary for powering energy transition in the region.

### Katharina Lobo

Katharina Lobo is a research analyst at London Politica. She has an MPhil in Sustainable Development Economics from the University Paris 1 - Panthéon Sorbonne and an MBA in quantitative economics from PSL-Paris Dauphine. She worked on socioeconomic issues in big institutions, such as the IEA and the United Nations. Her research is focused on energy markets, inequality, and policy impact.

### Peter Fawley

Peter is a Research Analyst at London Politica. He is currently a postgraduate student in International Political Economy at the London School of Economics. His research interests include energy security, green industrial policy, geopolitical tensions associated with critical minerals, and business power in international relations. Peter previously worked as a political consultant for a government affairs firm in Washington, D.C., where he focused on energy, transportation, critical minerals, trade, and environmental policy. He received a BA in Public Policy from the University of Michigan.

### Polina Leganger Bronder

Polina is a Research Analyst at London Politica. Polina holds a BSc in International Relations from the London School of Economics. Her interests include foreign policy and strategy as well as exploring the intersection between geopolitics and market dynamics. Polina has previously written articles for the Independent Barents Observer and been involved in political campaign running. She is interested in using analytical methods to produce and underpin practical insights that can help shape policy.



### **Elise Agdestein**

Elise is a Research Analyst at London Politica. She is currently a master's student in International Security at Sciences Po Paris. Her research and interests involve European and Arctic affairs, geopolitical and economic risks, and defence and security policy. She has graduated with a bachelor's degree in International Studies from the University of Oslo, and has previously worked with scientific cooperation and foreign affairs.

### **Lorenzo Rezzonico**

Lorenzo is a Research Analyst at London Politica. He is a recent MSc in International Relations (Research) graduate from the LSE. His research interests navigate around the Middle East, American foreign policy, and the European Union. He is driven by a passion for geopolitical news and their impact on people's everyday lives. Previously, he graduated cum Laude in International Politics, Law, and Economics from the University of Milan. He has worked for online media outlets, where he wrote about Italian domestic politics and foreign policy.

### **Keith Sonia**

Keith is a Senior Analyst at London Politica. He holds a PhD in International Relations from Goldsmiths, University of London and an MA in International Relations from King's College London. As a fellow, he served as a key foreign affairs advisor to a senior Member of the Foreign Affairs Committee of the U.S. House of Representatives and has consulted on geopolitical developments for nearly a decade. He is also deeply experienced in political campaigns, where he has served in senior roles in the U.S.

### **Tiana Peterson**

Tiana is a Research Analyst at London Politica. She has an M.Sc. in Global Environmental Economics from the National University of Ireland Galway. Her research interests include navigating the impacts of geopolitical risks and market dynamics on policy and climate action. She employs her interests to work extensively and partner with governments and international organisations throughout the Americas and Europe.

### **Chirag Bansal**

Chirag is a Research Analyst at London Politica. He is currently an MA International Economic Policy at Sciences Po and an MSc Developmental Management candidate at LSE, pursuing a dual masters in International Political Economy of Development. His research interests include international trade, macroeconomic trends, South Asia, development policy, and energy policy. Chirag has worked at the U.S. Chamber of Commerce in Washington D.C. as an international policy intern and at NITI Aayog in New Delhi as a trade research intern. He was also part of the Youth20 Secretariat, during the Indian presidency of the G20 in 2023.



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# Executive Summary

In the ever-evolving landscape of global commodities, the year 2024 stands as a pivotal juncture marked by transformative elections across diverse regions. As nations prepare to cast their ballots, the outcomes hold the power to shape policies and strategies that will significantly influence energy, trade relations, and resource management worldwide.

This executive summary encapsulates the intricate intersections between political shifts and their repercussions on the commodities sector. London Politica's Global Commodities Watch has made a selection of the most significant countries, and analysed the potential impact of elections based on election programmes, past policies, and scenario planning.

Our findings are as follows:

## Mexico

Mexico's upcoming June 2nd elections, featuring leading candidates Claudia Sheinbaum and Xochitl Gálvez, hold significant implications for the commodities sector. Sheinbaum, a protégée of the current president, favours continuity with a more business-friendly and environmentally conscious approach. Notably, she supports state control over metal extraction and refining, emphasising national interests in the process. She has also expressed support for the creation of LitiomMX, a state-run company overseeing Mexico's lithium deposits. Gálvez, representing the opposition, emphasises opening the state-owned oil company PEMEX to private investment. She also outlined her plan to reactivate the Mining Fund, a mechanism where mining companies contribute special tax funds to benefit local communities. Gálvez's approach aims to ensure that the benefits of mining activities are more directly shared with the communities involved.

## Venezuela

Venezuela, amidst a political landscape affected by sanctions and recent U.S. licence issuance, is gearing up for a democratic presidential election in 2024. The easing of sanctions raises optimism for the country's economic recovery, particularly in the oil sector. However, challenges persist, and the election's democratic legitimacy could influence future market dynamics.

## South Korea

South Korea's 2024 elections, featuring the conservative People Power Party (PPP) and the centrist-liberal Democratic Party of Korea (DPK), present a stable outlook for commodities



markets. Both parties, while experiencing internal divisions, share measured views on foreign and economic policy. The nation's reliance on efficient global trade networks, especially with China and the U.S., underscores the importance of political stability for sustained contributions to the global commodities market.

### Azerbaijan

Azerbaijan's presidential elections on February 7, where President Ilham Aliyev is expected to secure another term, play a pivotal role in the country's integration into the global economy. With a focus on energy, particularly gas and oil, Aliyev's commitment to economic reforms and infrastructure development is expected to impact Azerbaijan's role as a key player in the global energy market, notably in providing a strategic route for European gas transit.

### Indonesia

Indonesia's general elections on February 14, featuring candidates Prabowo Subianto, Ganjar Pranowo, and Anies Baswedan, hold significance for global commodities, especially in the critical minerals market. Under President Jokowi's leadership, Indonesia implemented strategic policies to bolster its economy by restricting the export of vital commodities like unprocessed nickel, coal, and edible oil. The primary goal was to leverage these abundant natural resources for domestic production, fostering economic strength and paving the way for the export of refined and sophisticated goods. Looking ahead, both presidential candidates, Prabowo and Ganjar, have expressed their commitment to perpetuating Jokowi's economic initiatives. This includes a steadfast focus on advancing Indonesia's burgeoning nickel industry, positioning the nation as a key player in the global electric vehicle market. The shared vision involves the continuation of ambitious plans to establish Indonesia as a hub for electric vehicles, leveraging its mineral wealth for sustainable economic growth.

### Iran

Iran's parliamentary elections on March 1 are poised to maintain conservative dominance amid a low expected voter turnout. Internal factions favouring state-controlled or private sector-oriented economies may influence Iran's oil and gas markets. However, with Khamenei loyalists almost guaranteed to dominate, the election itself will most likely not affect Iran's oil and gas industry.

### South Africa

The upcoming elections in South Africa, marked by a decline in the ruling ANC's approval rating, pose potential shifts in energy policies. The ANC's struggle with Eskom and the energy crisis may lead to a coalition government, impacting renewable energy development and private sector involvement. The Democratic Alliance supports energy sector liberalisation, while the Economic Freedom Fighters advocate for collaboration with Russia or China, potentially affecting critical minerals supply if left-leaning coalitions push for nationalisation.



### Taiwan

Taiwan's recent election results indicate a continued focus on renewable energy, with plans to phase out nuclear power and increase LNG-fueled electricity production. The Democratic Progressive Party's emphasis on diversifying trade relations may face challenges if China raises import barriers, affecting mineral exports. The agricultural sector's growth and diversification in export markets are expected to persist under the DPP.

### Germany

Germany's 2024 elections present potential consequences for the commodities sector, particularly with the rise of the far-right AfD party. AfD's scepticism towards renewable energy and support for fossil fuels could impact Germany's commitment to decarbonization. The country's dependency on Russian gas and its efforts to meet ambitious renewable energy goals create a complex landscape. Various German states may reconsider their renewable energy commitments based on election outcomes.

### Algeria

Algeria's 2024 presidential election is anticipated to maintain the dominance of President Tebboune, ensuring stability in hydrocarbon exports, which constitute a significant portion of the country's revenue. European demand and potential collaborations with Chevron and ExxonMobil may further boost Algeria's hydrocarbon sector. Agricultural markets may recover from a 2023 drought, but challenges like inflation and sustainability of government spending persist.

### Namibia

Namibia's elections in November 2024 may see SWAPO facing challenges from various candidates, potentially impacting policy continuity. In the mining sector, resource nationalism poses a risk as the government considers measures to exert greater control, including potential nationalisation. Namibia's oil and gas industry may witness local content policies, while tax adjustments could compensate for lowered corporate rates.

The global commodities and markets landscape in 2024 will be influenced by the outcomes of these elections, with potential shifts in energy policies, trade relations, and resource management across diverse regions. Investors and stakeholders should closely monitor these developments to navigate the evolving economic environment.

### Rwanda

Rwanda is poised for presidential and parliamentary elections on July 15, 2024, with President Paul Kagame seeking re-election. Despite concerns about democratic processes, Kagame is likely to secure another term. Expect continuity in public policy, with a focus on fiscal and monetary tightening. The government's emphasis on reducing debt and inflation may impact short-term growth but aims for a more balanced trade situation in the medium term. Key initiatives, such as improving agricultural productivity and infrastructure, including a new international airport, should enhance Rwanda's competitiveness in commodity



markets. While not a major global contributor, Rwanda's commodity markets may be affected by external factors, including regional conflicts and volatile global energy and food prices. Tensions with the Democratic Republic of Congo (DRC) pose risks to critical minerals markets due to geopolitical issues.

### Ghana

Ghana's general election on December 7, 2024, involves a transition from President Nana Akufo-Addo, with Vice President Mahamudu Bawumia and former President John Mahama as key contenders. Economic reliance on commodities, including gold, cocoa, and oil, makes Ghana susceptible to market volatility. Electioneering efforts focus on leveraging commodities, such as expanded lithium extraction, amid environmental concerns. A Bawumia presidency may prioritise continuity with the gold-for-oil scheme, using commodities to combat economic challenges. Mahama proposes shifts in mineral exploration policies, emphasising state-led prospecting.

### United States

The outcome of the United States 2024 general election holds significant implications for global energy markets and commodity policies. With 468 Congressional seats at stake, including the presidency, the election will shape the trajectory of energy markets, renewable energy trends, and energy independence. Democratic candidate Joe Biden and Republican candidate Donald Trump present divergent policy objectives, particularly in the development of energy markets domestically and internationally. The US energy market, which saw a 30% increase in exports in 2022, is poised for positive growth in 2024 despite a temporary setback in December 2023. Factors such as heightened geopolitical risks, competition, and substantial investments in infrastructure and clean energy contribute to this optimistic outlook.

In the oil and gas sector, the US is expected to maintain its strategic advantage in exporting energy, with crude oil production projected to reach record highs. Prices are forecasted to range between \$80 - \$100 USD per barrel, influenced by increased competition and geopolitical risks. Clean energy, a key focus of the Biden-Harris administration, is integral to economic rejuvenation policies. Major investments and commitments, including the Inflation Reduction Act and the reduction of greenhouse gas pollution by 2030, underscore the administration's dedication to clean energy projects. Natural gas exports, a significant component of US energy exports, are expected to grow, albeit with a temporary pause on LNG export decisions by the Biden administration for environmental and economic reassessment.

Looking ahead, regardless of the election outcome, US oil and gas markets are anticipated to grow into 2025, accompanied by a reduction in market prices. OPEC, on the other hand, is expected to voluntarily reduce supplies, and LNG production will vary, influenced by geopolitical partnerships such as the China-Qatar agreement. The clean energy market may face uncertainties under a Republican administration, potentially impacting Biden's clean



energy investments. Latin America's acceleration in clean energy infrastructure development poses competition to the US in the global clean energy export market. Overall, the election results will shape the direction of US commodity policies, impacting energy markets and influencing global trends in the years to come.

### India

India's general elections for the 18th Lok Sabha involve the incumbent Prime Minister Narendra Modi and the Bharatiya Janata Party (BJP) seeking re-election. The opposition, led by the Indian National Congress (INC) in the INDIA bloc, aims to prevent Modi's third consecutive term. Commodities markets are unlikely to see major demand-side changes, with a push for domestic exploration regardless of election outcomes. BJP's policies, such as restrictions on rice and wheat exports, and emphasis on rare earth minerals exploration, may continue if they win. The opposition, while critical of the BJP, has not explicitly opposed these policies. Petroleum product exports remain stable, independent of election results.

### European Union

The European Parliament elections in June 2024 will shape the political landscape, potentially tilting towards the right. A shift in power dynamics within the Parliament may influence energy and minerals policies. The EU's dependence on Russia for energy and the need for critical minerals drive diversification efforts. The composition of the EP, particularly with a potential increase in right-wing influence, could impact debates on nuclear energy and deep-sea mining. Energy policies may shift towards maintaining current oil and gas imports from Russia. Efforts to diversify critical minerals supply chains may face challenges if right-leaning parties gain prominence. The EU's focus on reducing dependence on external suppliers will likely persist.



## Country Analysis

### January 13      Taiwan

In Taiwan the first major election of 2024 has already taken place. As a result, the centre-left Democratic Progressive Party (DPP) will enter their third consecutive four-year term in office, having beaten the Chinese Nationalist Party (Kuomintang) and the Taiwan People's Party (TPP). The DPP did not, however, gain enough votes to obtain a majority in parliament. The composition of the parliament is yet to be seen and may have adverse impacts on national policies.

#### Energy

The election results have steered Taiwan further into the DPP's 2050 net-zero agenda. The party has committed to a two-faceted plan: 1) phasing out nuclear power and replacing it with renewable energy, and 2) increasing LNG-fueled electricity production to diminish coal consumption.<sup>1</sup> By the end of 2026, renewable energy production is to supply 20% of the country's current energy demand, with LNG and coal supplying the remainder 50% and 30% respectively.<sup>2</sup>

In 2023, Taiwan was registered as the 6<sup>th</sup> largest global importer of LNG.<sup>3</sup> LNG will play an increasing role in Taiwan's energy policy, thereby increasing demand for the commodity from foreign suppliers. Furthermore, Taiwan is likely to continue seeking an international and diversified pool of suppliers to minimise dependency risks.

#### Minerals

Although Taiwan is primarily known for its technological sectors, and role as a major semiconductor exporter, it also boasts some natural resources that it exports. Some of the minerals Taiwan exports include gold, copper, coal and marble. The DPP is interested in diversifying trade relations from China and towards the larger Asian community and the West. However, China still remains an important importer for Taiwan. In 2023, China

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<sup>1</sup> Engbarth, Dennis. (2024). "Taiwanese Election to Decide Scale of LNG Reliance". Energy Intelligence Group. Available [here](#).

<sup>2</sup> Daiss, Tim. (2023). "Taiwan's LNG Development Overpowers Its Renewables Ambitions". Energy Tracker Asia. Available [here](#).

<sup>3</sup> Engbarth, Dennis. (2024). "Taiwanese Election to Decide Scale of LNG Reliance". Energy Intelligence Group. Available [here](#).



accounted for 27% of Taiwan's mineral and chemical exports.<sup>4</sup> DPP's win could restrain Taiwan's economy if China is to raise import barriers, which hinders Taiwan's ability to export minerals into China. If Taiwan struggles to redirect trade to other partners via prolonging or establishing bi- or multilateral trade agreements, China's threat of the suspension of the Economic Framework Cooperation Agreement might negatively impact the demand of Taiwanese minerals.

### Agriculture

Taiwan's agricultural sector has in recent years increased and diversified with exports to China decreasing from 23% in 2018 to 12% in 2022.<sup>5</sup> Under the DPP, Taiwan has managed to find successful alternative markets for their agriculture exports. With the DPP entering their third consecutive term, Taiwan is likely to continue the trend of expanding their agricultural exports to other countries, such as the US and Japan, who are currently the two leading destinations for Taiwan's agricultural exports.<sup>6</sup>

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## February 7      Azerbaijan

Azerbaijan's president, Ilham Aliyev, has recently announced presidential elections on February 7. Given his growing popularity following his government's takeover of the Karabakh region and no serious contenders, he is expected to secure another term.<sup>7</sup> The main opposition parties have decided to boycott the upcoming elections, as they have similarly done in the six previous elections, citing its short notice and unfairness.<sup>8</sup> The remaining contenders are primarily endorsing the policies of the current regime, and have avoided any public criticism of Aliyev.<sup>9</sup>

Aliyev has been the President of Azerbaijan since 2003, after succeeding his father who ruled the country from 1993. His father also founded the New Azerbaijan Party (YAP), which is today Aliyev's party and has ruled Azerbaijan for more than two

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<sup>4</sup> Chiang, Min-Hua. (2024). "What Does Taiwan's Presidential Elections Tell Us About its Economic Prospects?". University of Nottingham: Taiwan Research Hub, Online Magazine "Taiwan Insight". Available [here](#).

<sup>5</sup> Chiang, Min-Hua. (2024). "What Does Taiwan's Presidential Elections Tell Us About its Economic Prospects?". University of Nottingham: Taiwan Research Hub, Online Magazine "Taiwan Insight". Available [here](#).

<sup>6</sup> Chiang, Min-Hua. (2024). "What Does Taiwan's Presidential Elections Tell Us About its Economic Prospects?". University of Nottingham: Taiwan Research Hub, Online Magazine "Taiwan Insight". Available [here](#).

<sup>7</sup> Al Jazeera. (2023). "Azerbaijan's Aliyev calls snap presidential elections for February." Available [here](#).

<sup>8</sup> Eurasianet (2024). "Azerbaijan's top opposition parties to continue election boycott streak." Available [here](#)

<sup>9</sup> Eurasianet (2024). "Perspectives | Azerbaijan's boringest election campaign ever." Available [here](#).



decades. The party's politics and ideology are largely centred around the principles of nationalism, secularism, and a strong executive authority. In particular the party has been a strong supporter of economic development and stability in the energy sector, preserving Azerbaijani independence and gaining control over the Karabakh-region.

Azerbaijan's integration into the global economy is mainly tied to the energy sector. Gas and oil accounted for more than 92% of Azerbaijan's exports and over half the state budget in 2022.<sup>10</sup> The same year, Aliyev signed a deal with the European Union to double natural gas exports to the bloc by 2027. In addition the EU is conscious over Azerbaijan's geostrategic location as the country provides a feasible path for the bloc to reach Central Asian energy markets without having to travel through hostile and sanctioned Russia or Iran.<sup>11</sup> A new Azerbaijan-Europe gas transit flow depends on the negotiations' outcome around the "middle corridor", between the main part of Azerbaijan and its exclave of Nakhichevan. A transit here would bring economic further developments to the whole Caucasus region.<sup>12</sup>

However, a lack of diversification from gas and oil could impede growth. Aliyev has thus expressed a commitment to reforms for non-oil sector growth in alignment with a new socio-economic development strategy, with a particular focus on infrastructure and the transport sector.<sup>13</sup> However, oil exports will most likely not be much affected by Aliyev's next term in power, as exemplified by the Azerbaijan-EU energy agreement and the strategic importance of European markets for Azerbaijan.

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## February 14      Indonesia

The upcoming general elections on February 14, including legislative and presidential contests, feature three candidates for the election of the president: Prabowo Subianto, Ganjar Pranowo, and Anies Baswedan.

The widely popular incumbent President, Joko Widodo (known as Jokowi) is ineligible to run for a third term due to limits in the Indonesian constitution. Rather than supporting his party's nominee, Jokowi has de-facto endorsed his support for Prabowo, a 72-year-old member of the long-ruling older elite. During Indonesia's

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<sup>10</sup> Bloomberg (2023). "And the Winner from Putin's War on Ukraine Is ... Azerbaijan". Available [here](#).

<sup>11</sup> Bloomberg (2023). "And the Winner from Putin's War on Ukraine Is ... Azerbaijan". Available [here](#).

<sup>12</sup> Politico (2023). "Azerbaijan can become a constructive player in the Caucasus". Available [here](#).

<sup>13</sup> Official website of the President of Azerbaijan Republic. (2023). "Ilham Aliyev Has Chaired a Meeting Dedicated to the Socio-Economic Performance of Six Months of 2023." Available [here](#).

dictatorship, which ended in 1998, Prabowo was an officer and commander in the army's feared special forces. From this position, he was involved in several human rights abuses committed by the Indonesian army in East Timor. He was also once married to the daughter of the former ruler, Suharto. Prabowo was long banned from entering the U.S. for these reasons, until former President Donald Trump lifted the ban in 2020.<sup>14</sup>

Jakowi's support to Prabowo is most likely connected to the fact that Prabowo has chosen Jakowi's son as his running-mate. In this way, Jakowi will still have influence on the policies of the next administration. As many voters seem to view a Prabowo presidency as akin to a Jokowi third term, Prabowo is consequently leading in the polls by a wide margin. Prabowo's party, the Gerindra Party is the third largest in parliament and can be characterised by right-wing nationalism, emphasising the importance of safeguarding Indonesia's sovereignty and interests.

Second in polling is Ganjar, former governor of Central Java and who has the backing of Jakowi's party, the country's biggest. Third in polling is Anies, the former governor of Jakarta, the capital. Their agendas are broadly secular and liberal, with an emphasis on the rule of law, and both candidates represent the *reformasi* - the era of democratic development since the fall of the dictatorship.<sup>15</sup>

Indonesia, the largest economy in Southeast Asia and the world's fourth most populous country, plays a crucial role in the global trade of critical minerals, in particular key materials for EV batteries, such as coal, tin, copper, nickel, cobalt, and bauxite.<sup>16</sup> During Jokowi's leadership, Indonesia banned the export of key commodities like unprocessed nickel, coal and edible oil. The objective was to strengthen its economy by using its natural resources for domestic production, which would allow the export of sophisticated goods. Both Prabowo and Gankar have stated that they will continue Jokowi's economic policies, including the development of Indonesia's booming nickel industry, the ambitions of becoming a global electric vehicle hub, and continuing the relocation of the capital to Nusantara.<sup>17</sup>

If no candidate receives at least a 50 per cent share of the votes on February 14, there will be a run-off in June between the two leading candidates. Although Prabowo has consistently enjoyed high popularity in the last few months with ratings

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<sup>14</sup> The Economist (2024). "The favourite in Indonesia's presidential election has a sordid past". Available [here](#).

<sup>15</sup> The Economist (2024). "The favourite in Indonesia's presidential election has a sordid past". Available [here](#).

<sup>16</sup> Economist Intelligence. "Country Page: Indonesia." Available [here](#).

<sup>17</sup> The Economist (2023). "Indonesia will elect a new president in February". Available [here](#).

of more or less 43 per cent, polls from early January indicate that no candidate will win outright in the first round in February.<sup>18</sup> A run-off in the presidential election is therefore for the moment the most likely scenario. The outcome would then be harder to predict.

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## March 1            Iran

Iran's parliamentary elections on March 1 will shape the 12th term parliament and the Guardian Council, responsible for appointing the Supreme Religious Leader. The current conservative-dominated parliament, formed in 2020, saw a low voter turnout of 42,57%, the lowest since the 1979 Islamic revolution.<sup>19</sup> The deepening socio-economic crisis and the regime's waning legitimacy are likely to further decrease participation. Moreover, many well-known candidates from reformist or centrist groups have been disqualified to participate in the elections by the Guardian Council, leaving two conservative factions to dominate.<sup>20</sup>

The first faction is the Ultraconservative Paydari party, favouring a state-controlled economy and closer ties with non-Western powers like China and Russia. It has currently a dominant position in both the parliament and the government, backed with the support of the regime in the previous elections, and is considered the strongest force of the conservative wing in the upcoming elections. The second faction, led by Mohammad Baqer Qalibaf, leans towards a stronger private sector, pragmatism, and engagement with the outside world, including European countries. However, despite being one of the three primary institutions of government in the Islamic Republic, the parliament has for a long time had little influence over the policies of the regime.<sup>21</sup>

Many voters will most likely boycott the election thus conservatives predict an extremely low voter turnout of between 5 to 8 %.<sup>22</sup> This would almost guarantee a victory for the ultraconservative hardliner already in power. Media outlets anticipate that the most likely scenario will be the regime maintaining its totalitarian form,

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<sup>18</sup> The Jakarta Post (2024). "Analysis: A run-off in presidential election most likely". Available [here](#).

<sup>19</sup> France 24 (2023). "In Iran, Gaza war overshadows preparations for 2024 legislative vote". Available [here](#).

<sup>20</sup> The United State Institute of Peace (2023). "Iran 2024: Political Challenges". Available [here](#).

<sup>21</sup> The Washington Institute (2023). "The 2024 Election Cycle Starts in Iran". Available [here](#).

<sup>22</sup> Iran International (2023). "A Few Reformists Allowed To Run As Iran Turnout Prediction Drops To 8%". Available [here](#).



allowing Khamenei loyalists to dominate.<sup>23</sup> For this reason, the election itself will most likely not affect Iran's oil and gas industry.

There are however other geopolitical factors that may influence Iran's oil and gas sector. These include the possibilities of damage to Iranian oil infrastructure from a Israeli military strike or further energy sanctions from the U.S..<sup>24</sup>

In any case, the Iranian economy will continue to struggle due to ongoing US sanctions.<sup>25</sup> Iran's draft budget for 2024-2025 reveals a substantial decline in oil and gas export revenues, with a projected 10% reduction in oil export volume and a 16% decrease in prices.<sup>26</sup> The ensuing economic hardships, with declining oil revenues, potential deficits including still-high inflation unemployment and weak growth, will continue to drive outbreaks of unrest and may potentially destabilise the regime.

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## April 10                      South Korea

### Market Overview

The South Korean economy depends on the export of high valued added products most notably in the automotive and tech industries.<sup>27</sup> In 2022, semiconductors alone accounted for 18.9% of South Korea's total exports.<sup>28</sup> South Korea's industries are divided into large, often family run conglomerates or "Chaebols," which, owing to their size, can greatly influence national policy.<sup>29</sup> Some "Chaebol" examples include tech giants Samsung, and LG and automotive giant Hyundai.

These high value exports depend on an efficient global trade network, particularly for raw and intermediary materials used in manufacturing. China is South Korea's largest trading partner for both imports and exports, and the US is second.<sup>30</sup> This puts South Korea in the position of a balancer, foreign policy is key to maintaining trade relations and ensuring critical supply chains.

### Political Overview

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<sup>23</sup> Iran International (2023). "Likely And Unlikely Scenarios For 2024 Iran Elections". Available [here](#).

<sup>24</sup> Voa News (2023). "Middle East Crisis Could Disrupt Oil Supplies, Raise Prices". Available [here](#).

<sup>25</sup> The Economist Intelligence. "Country page: Iran." Available [here](#).

<sup>26</sup> Iran International (2023). "Iran Sees Less Income From Oil And Gas Exports In The Coming Year". Available [here](#).

<sup>27</sup> Trading Economics (2024). "South Korea Exports". Available [here](#).

<sup>28</sup> International Trade Administration (2024). "South Korea Semiconductors". Available [here](#).

<sup>29</sup> Eleanor Albert (2018). "South Korea's Chaebol Challenge". Available [here](#).

<sup>30</sup> Observatory of Economic Complexity (2024). "South Korea". Available [here](#).

A tight<sup>31</sup> race is expected for 2024, with similar polling between the two leading parties, the governing conservative People Power Party (PPP) and the centrist-liberal Democratic Party of Korea (DPK). The government is split, with the DPK in control of the National Assembly, the PPP holding the presidency with Yoon Suk-Yeol. Confidence in the two leading parties is low, however, after years of legislative gridlock. Before April's elections there already look to be two separate defections forming from both the DPK<sup>32</sup> and PPP<sup>33</sup>, which underscore the slipping position of the two main parties. However, in terms of foreign and economic policy both parties have measured and centrist views and are thus unlikely to cause a significant shock to the commodities market.

Outside of the two main political camps there are a number of minor parties which are likely to have difficulty gaining enough support to influence policy.

### The PPP

The de facto leader of the PPP is South Korean President Yoon Suk Yeol. President Yoon embodies the conservative line on foreign policy and the economy. Staunchly “anti-communist” the Yoon administration has taken a hard line<sup>34</sup> on negotiations with North Korea and at the same time has worked to improve relations<sup>35</sup> with Japan and reaffirm ties with the US. With regard to China, foreign policy has been risk averse, encouraging detente, while setting clear boundaries on issues<sup>36</sup> like Taiwan. Economically, the PPP is considered broadly as market-liberal.

Instability in the party is largely derived from strong factionalism. Currently, two camps define this divide<sup>37</sup>, those who are in favour of the President, the “pro-Yoon” camp and those who are either against or indifferent to his rule to the “Anti-Yoon” camp. These two camps again come with slight ideological and methodological differences, however in terms of foreign policy there is not a striking contrast.

### The DPK

The opposition Democratic Party of Korea is led by MP Lee Jae-Myung. The DPK under Lee is also fairly centrist like the PPP, but subtle differences offset, especially, their foreign policy. Concerning China, the DPK has taken a more conciliatory<sup>38</sup> tone, as well as with North Korea,

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<sup>31</sup> Lee Hyo-jin (2024). “2024 general elections likely to be neck-and-neck race”. Available [here](#).

<sup>32</sup> Hyonhee Shin (2024). “Ex-South Korea PM to launch new party ahead of April election”. Available [here](#).

<sup>33</sup> Morgan & Yoshida (2023). “Will Lee Jun-seok Be the Wild Card in South Korea’s General Election?”. Available [here](#).

<sup>34</sup> Hyunsu Yim (2023). “South Korea’s Yoon rails against critics as ‘communists’”. Available [here](#).

<sup>35</sup> Friedhoff (2023). Yoon Suk-yeol’s Polarizing First Year”. Available [here](#).

<sup>36</sup> Grossman (2023). “South Korea’s Surprisingly Successful China Policy”. Available [here](#).

<sup>37</sup> Morgan & Yoshida (2023). “Will Lee Jun-seok Be the Wild Card in South Korea’s General Election?”. Available [here](#).

<sup>38</sup> Seong & Chan (2021). “Anti-China Sentiment and South Korea’s Presidential Race”. Available [here](#).



favouring eventual reintegration. With Japan, however, they take a harsher tone, critical<sup>39</sup> of Japanese “historical revisionism” and Japanese rearmament. With the US their relations are also lukewarm, with a focus on pragmatic cooperation but with limits.

Similar to the PPP, the DPK also struggles with strong party factionalism. The main point of contention in this [struggle](#)<sup>40</sup> is the role of party leader Lee Jae-Myung, and former party leader Lee Nak Yeon. Again this division may have more to do within internal party politics than in changes in South Korea’s role in the commodities market.

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## April/May                      India

The largest and one of the most vibrant democracies of the world will be going into the general elections for the 18th Lok Sabha (lower house of the national parliament) – the biggest electoral process in the world. As India continues on its promising economic trajectory and the quest for global leadership, its domestic politics has become more consequential for geopolitics and global markets. Now, the most populous and the fifth-largest economy in the world with a GDP of greater than 3 trillion USD, India is a major global economic player, both, on the supply and demand side.

### The Contesting Parties

#### *National Democratic Alliance (NDA)*

Prime Minister Narendra Modi, the incumbent, and his party the Bharatiya Janata Party (BJP) are seeking re-election for a consecutive third term. The BJP and its allies together form the National Democratic Alliance for the general elections in the country. The NDA secured 336 seats out of 543, out of which the BJP, alone, secured 282 seats in the 2014 general elections. Whereas, in 2019, NDA went on to win with 353 out of 543, with the BJP winning 303 seats.

The recent electoral success of the BJP in the state elections of Madhya Pradesh, Rajasthan, and Chhatisgarh in November 2023 has set a promising mood for the NDA for the General Elections. The BJP expects to build on this momentum in the hopes of achieving a supermajority in the parliamentary elections. The pattern of CM candidate choices in the state elections reflected a larger wave of nationwide party reforms for a “new look BJP”<sup>41</sup>.

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<sup>39</sup> Lee (2022). “President-elect breaks silence on DPK’s allegations over Japanese textbooks”. Available [here](#).

<sup>40</sup> Nam (2023). “Ex-DPK leader’s call for leadership change fails to resonate within party”. Available [here](#).

<sup>41</sup> Indian Express. ‘BJP in 2024: The party heads into Lok Sabha election year, primed for continuity — and change’. [Link](#)



The push for infrastructural development, FDI friendly policies, projection of a more assertive India at the global stage has helped PM Modi garner popular support. More recently, the consecration of Ram Mandir in Ayodhya (Temple of Lord Rama at his birthplace) has been widely celebrated by the right-wing Hindus in the country. Although, many groups including the four 'Shankracharyas' (top religious leaders of the Hindu Sanatan Dharma) refused the invitation to attend the ceremony, stating that it does not follow the rules of Sanatan Dharma. They have further expressed that the whole affair had been given a political hue, which they do not approve of.<sup>42</sup>

Overall, despite the challenges and questions raised on the BJP's religious outlook, and PM Modi's increasingly populist ways, the NDA looks well prepared for the elections putting its focus on the developmental priorities.

#### *India National Development Inclusive Alliance (INDIA)*

On the other hand, in the Indian National Congress (INC) led INDIA bloc, major national and regional parties have come together to prevent PM Narendra Modi from winning his third consecutive mandate. Mallikarjun Kharge, the president of the INC is expected to be the Prime Ministerial candidate of the INDIA Alliance – an idea which has been already floated around in the coalition's meetings, last year.<sup>43</sup>

Rahul Gandhi of India's Nehru-Gandhi political family and INC's erstwhile PM candidate has been a star campaigner for the INDIA alliance. In an effort to project a grassroot connection of the party, Rahul Gandhi organised a nationwide movement – Bharat Jodo Yatra (Unite India March) – walking from the southernmost part of India to the northernmost part of the country, along with party leaders and workers. Although this movement was successful in helping build a positive narrative and create some initial momentum, the INC's lack-lustre performance in the recent state elections has highlighted that winning the 2024 general elections will not be an easy task for the INDIA bloc.

The INDIA alliance has raised concerns about democratic backsliding and an attack on secularism in the nation by the ruling BJP. Raising the issue of growing inequalities, the Congress-led alliance has specifically raised the issue of prevailing caste inequalities. Rahul Gandhi has called for a nationwide caste census, which has not been conducted since 2011, when the INC led coalition ruled the country. INC has been trying to bring the issue of caste representation on the political centre stage in the country, and has promised to conduct a nationwide caste census if they form government<sup>44</sup>.

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<sup>42</sup> Hindustan Times. 'Who are 4 Shankaracharyas refusing to attend Ram Mandir event on Jan 22?' [Link](#)

<sup>43</sup> Indian Express. 'How 'Kharge as PM' idea came to be floated at INDIA meeting: Not a counter to Modi yet but perhaps its best option'. [Link](#)

<sup>44</sup> Times of India. 'Caste census will be historic, will transform nation'. [Link](#)



Overall, the INDIA alliance represents a last-ditch effort to take on the incumbent prime minister whose popularity has only increased with time. With a big umbrella of regional parties, and a range of legislative promises, the 2024 elections will be a detrimental electoral test for the future of the country's political opposition.

BJP and its allies appear confident about winning this year's general elections. Party loyalists and leaders have been referring to the results of the state elections in 2023 as 'Modi Magic'<sup>45</sup> and a foreshadowing of the electoral results this year. However, in a diverse and large democracy as India, one can never be certain of election results. The INC led INDIA bloc will be trying to repeat the 2004 general elections, when the incumbent BJP leader Atal Bihari Vajapayee lost to the INC, despite pre-election predictions hinting otherwise.

### Commodities Overview

India is a major player in the commodities market on both the supply and demand side. Given the market size and economic trajectory of the country, no major change on the demand side is expected, despite the results of the elections. Push for domestic exploration and self-sufficiency is already underway in the country, which would likely continue irrespective of which party comes to power. Thus, not affecting demand for commodities significantly. However, the case on the supply side is slightly different.

The ruling BJP had imposed a ban on Indian non-basmati rice exports, last year. Such a decision from India, the second-largest producer and the largest exporter of rice, had led to global criticism for the move.<sup>46</sup> If the BJP wins, this is likely to continue. This move had been prompted by an upward pressure on domestic prices of rice, as a result of the poor harvest. As the country goes into the election season, the restrictions will likely stay on in 2024 in an effort to keep food prices low in the country<sup>47</sup>.

Earlier in 2022, the government had also banned Wheat exports. The ban was justified citing rising domestic wheat prices as result of a disappointing harvest season due to climatic reasons. This move had affected global markets with the Chicago benchmark wheat index rising by nearly 6%<sup>48</sup>.

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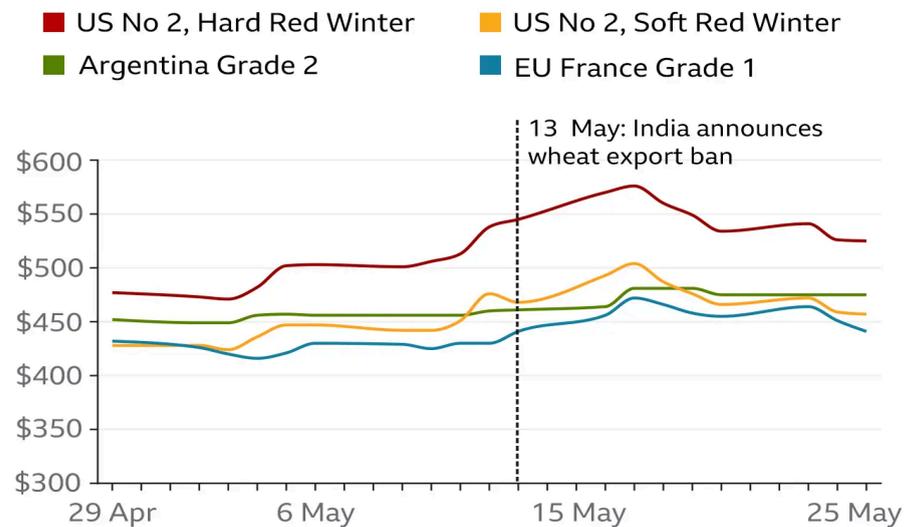
<sup>45</sup> Financial Times. 'Narendra Modi's BJP triumphs in India state elections'. [Link](#)

<sup>46</sup> Observer Research Foundation. Indian rice export ban: Implications for global markets and food security. [Link](#).

<sup>47</sup> Economic Times. 'India seen keeping rice export bans into 2024, holding up global prices'. [Link](#)

<sup>48</sup> BBC. India wheat export ban: Why it matters to the world. [Link](#)

## India wheat export ban leads to rising prices



Source: International Grains Council



Sourced from [BBC](#).

Apart from restrictions on agricultural exports, the government's policies have also impacted the supply of other commodities.

The BJP government, in line with their push for India's self-reliance, has encouraged exploration of rare earth minerals in the country. Projects and bids have been invited from research institutions and universities. Last year, Lithium reserves were found in the Kashmir region of India and further deposits of 15 rare earth elements were found in the Anantpura region of the Indian state of Andhra Pradesh<sup>49</sup>. A continuity in this policy can be expected if the BJP is to win the elections, potentially resulting in an increased supply of rare earths from the country in the future. The INC has not expressed any concerns over these policies and will probably support exploration of minerals, if they win, however to what extent remains unknown.

Other commodities like processed petroleum goods would likely continue to be a constant Indian export to the world. Indian exports of petroleum products in October of last year had showcased a 12% year-on-year growth<sup>50</sup>. Given the importance of the exports of petroleum products for Indian trade, this trend would continue, irrespective of the election results.

<sup>49</sup> The Economic Times. 'Following lithium in J&K, large deposits of 15 rare earth elements found in Andhra Pradesh'. [Link](#)

<sup>50</sup> The Economic Times. 'India's petroleum product exports rise 12.6% in October'. [Link](#)



## June 2 Mexico

Mexico has the 14<sup>th</sup> largest GDP globally, with an export-focused economy. Its markets are open to trade, participating in several trade agreements, including a free trade bloc called United-States-Mexico-Canada Agreement, the USMCA (formerly NAFTA)<sup>51</sup>. Its geographic position is an asset, especially when combined with the USMCA, giving power to nearshoring the North American high-consuming economies<sup>52</sup>. It has an important commodity sector able to be the biggest producer of silver, a significant supplier of copper and zinc<sup>53</sup>, and it ranks 15<sup>th</sup> in the ranking of crude oil producers<sup>54</sup>. On June 2<sup>nd</sup>, they will have their most significant elections so far, with up to 20,000 political seats to be chosen, including the presidency, which will determine the country's economic track.

With the two leading candidates adding up to a little over 75% of vote intentions<sup>55</sup>, it is most likely that the new Mexican president will be a woman, a first, in the country's history. The right-wing opposition candidate, Xóchitl Gálvez, has 26.5% of vote intentions, but Claudia Scheinbaum, the MORENA or National Regeneration Movement, has the people's support and it shows. She holds a double-digit lead on her opponent at 48.6%.

### Who are the candidates?

Claudia Scheinbaum is a climate scientist, the president's protégée, and a former mayor - the equivalent to governor in the Mexican political hierarchy - of Mexico City, the country's capital. She promises to continue the policies put in place by the populist president, Mr. López Obrador or AMLO for short, but also brings her own voice, including being more business-friendly and environmentally conscious, casting a question mark about supporting fossil fuels, as Obrador has done<sup>56</sup>. If elected, she will be challenged to rule as smoothly as the current president, who has a majority in Congress. Poll numbers indicate the voters are engaged to support the opposition in Congress. Compromise and political volatility are expected under her government.

Xóchitl Gálvez is the opposition's candidate, representing a coalition of three different parties: the National Action Party (PAN), the Institutional Revolutionary Party (PRI), and the Party of Democratic Revolution (PRD). They have different ideological foundations but gathered to gain strength against Morena, a party with almost 70% of the Mexican governorships<sup>57</sup>. Her central message is against organised crime. Statistics show violence as a continuous problem in the country, and her coalition blames the current president, calling the people for a change in power to subvert the order.

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<sup>51</sup> International Trade Agreement (2023). "Mexico - Country Commercial Guide.". Available [here](#).

<sup>52</sup> Center for the U.S. and Mexico (2024). " Mexico Country Outlook 2024.". Available [here](#).

<sup>53</sup> Williams, Adam, Dempsey, Harry and Stott, Michael (2023). "Mexican... ". Financial Times. Available [here](#).

<sup>54</sup> International Trade Agreement (2023). "Mexico - Country Commercial Guide". Available [here](#).

<sup>55</sup> Statista (2024). "Poll on the 2024 presidential election in Mexico in December 2023". Available [here](#).

<sup>56</sup> Birke, Sarah (2023). "Mexico will elect its first female president". The Economist. Available [here](#).

<sup>57</sup> Zissis, Carin (2023). "Latam in Focus...Party?". American Society Council of the Americas. Available [here](#).



## Oil

Obrador's policy towards energy was to push its management to the state; oil biddings were stopped once he assumed the presidency in 2018, cancelling several ongoing oil and power auctions and halting new bids. He also took an energy sector reform to the Congress in 2022, which did not get the majority needed due to the opposition support for energy sector privatisation, already displayed by a sweeping liberalisation when they held the presidency in 2013.

PEMEX, the state-owned oil company, became a symbol of nationalism in 1938, when the Mexican government expropriated the company from foreign operations, a date celebrated annually ever since. It is now the most indebted oil company in the world, saved by the current president's capital injection, tax breaks, and energy projects amounting to 77 billion dollars. Summing up, the candidates have their work cut out for them.

Gálvez, the opposition candidate, seems like a breath of fresh air for those who want to invest in the oil sector inside Mexican territory. She claims that if elected, she will continue to move in-line with the opposition's strategy to open PEMEX for private investment<sup>58</sup>. She states that privatisation is not on her agenda, but a model like Petrobras, the Brazilian state-run and publicly traded oil company, might be suitable for PEMEX.

On the other hand, Sheinbaum is also open to investment via oil bidding but also emphasises the need to develop other energy sources linked to her position on renewables and hydrogen<sup>59</sup>. However, she keeps on affirming that she will continue to favour the two energy companies, PEMEX and CFE, the public power company.

According to S&P, the oil and gas sectors will slow down no matter what due to pessimistic expectations from investors<sup>60</sup>. Sixty percent of the oil exploration blocks opened to exploitation during the presidency of Enrique Peña Nieto (2012-2018) were returned. The exploration gave marginal results, so the expectation of finding new reserves in Mexico is limited. However, some experts have argued that many unexplored areas could surprise O&G investors, such as in Mexico's unconventional and deepwater reserves<sup>61</sup>.

## Mining

Mexico is also the largest global producer of silver, vital in solar panels and electric cars, and a big supplier of copper and zinc, metals with an increasing demand due to the expansion of offshore wind farms. Last year, lithium deposits, a mineral critical to the energy transition for its use in batteries and EVs, got nationalised. Passenger and motor vehicles are Mexico's two biggest exports<sup>62</sup>. They form an important manufacturing hub well-positioned to explore lithium's reserves<sup>63</sup>.

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<sup>58</sup> Vasquez, Alex (2023). "Mexico presidential nominee says she won't...Pemex". Bloomberg. Available [here](#).

<sup>59</sup> Averbuch, Sarah and de Haldevang (2024). "Mexico's Sheinbaum see... Shift". Bloomberg. Available [here](#).

<sup>60</sup> Espejo, Sheky (2024). "Commodities 2024: Mexico's oil and gas... president.". S&P Global. Available [here](#).

<sup>61</sup> Espejo, Sheky (2024). "Commodities 2024: Mexico's oil and gas... president.". S&P Global. Available [here](#).

<sup>62</sup> Observatory of Economic Complexity (2021). "Mexico Overview." Available [here](#).

<sup>63</sup> Ferrer Breda, Elias (2023). "Energy Transition... From Mexico's Sheinbaum?". Forbes. Available [here](#).



The current president, Obrador, has instituted reforms in the mining industry<sup>64</sup>. As a result, concessions must be made via public bidding organised by the Mexican economy ministry, which is quite different from the previous practice of granting concessions to the first bid from a qualified company. Among other modifications, it included the reduction in the total years given to a concession, from 50 to 30 years, as well as more strict water use regulations.

Sheinbaum is clear when saying she will support Obrador's policies. She believes that the state should control metal extraction and refining. The creation of the state-run company LitiomMX, now responsible for Mexico's lithium deposits, has received support from Sheinbaum<sup>65</sup>. Gálvez did not comment, except for her plan to reactivate the Mining Fund, where mining companies special tax funds to benefit local communities. Currently, the money is shared according to the federal government's agenda, but the opposition has been criticising Obrador for neglecting communities where mining is done. Her coalition stood against the Mining Law, filling for unconstitutionality of the action<sup>66</sup>. If coherent with her coalition, she will move somewhat against the reform.

### Conclusion

A shift from Obrador's policies seems imminent if either of the two candidates come to power. Gálvez is more inclined to open the commodities markets to private capital, however she is moderate on her position. Sheinbaum wants to give continuity to her mentor's work, but admits that a shift from oil is needed, especially for electricity production. Private investment comes easily when it comes to commodities linked with sustainable goals, and for a country with ambitious goals of reducing their emissions by 35% by 2030<sup>67</sup>, this capital is much needed. It will keep the economy up with the market's ever-evolving environmental regulation, and boost investor confidence. It may be the fastest solution to avoid bottlenecks in using the country's metals reserves.

Considering the latest polls, Sheinbaum will likely be elected, and her political view towards commodities is largely in-line with Obrador's. Any risk posed now by Obrador's policies will be accentuated if there is no dialogue between investors, including private stakeholders. In any case, there must be more than a dialogue for the MORENA's candidate to be able to rule, especially without a majority in congress.

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## June 6-9 European Parliament

One of the biggest democratic elections of the year will take place between the 6th and 9th of June. The only EU body directly elected by the people, the European

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<sup>64</sup> Financial Times (2022). "Mexican president's radical energy reform defeated in congress.". Available [here](#).

<sup>65</sup> Ferrer Breda, Elias (2023). "Energy Transition... From Mexico's Sheinbaum?". . Forbes. Available [here](#).

<sup>66</sup> Dilge, Karin (2022). "Senators Oppose Reform to the Mining Law.". Mexico Business. Available [here](#).

<sup>67</sup> Palacios, Luisa and Rivera, Diego (2023). "Mexico has a... pledges."Americas Quarterly. Available [in here](#).

Parliament, will hold its 10<sup>th</sup> parliamentary elections in which the governance of 450 million Europeans from 27 states will be decided by the composition of the 720-MEP European Parliament (EP).<sup>68</sup> The power balance within the EP will determine the capacity of political groups to further their agendas, and thereby influence policy decisions.

MEPs in the Parliament fall into one of seven parliament groups or are non-attached. The seven political blocs of the parliament are:

- Group of the European People's Party (Christian Democrats) (EPP)
- Group of the Progressive Alliance of Socialists and Democrats in the European Parliament (S&D)
- Renew Europe Group (Renew)
- Group of the Greens/European Free Alliance (Greens)
- European Conservative and Reformist Group (ECR)
- Identity and Democracy Group (ID)
- The Left Group in the European Parliament (Left)

Although the EPP and the S&D seem to remain the two largest groups, the parliamentary composition is expected to see a general shift towards the right from the left and centre-left.<sup>69</sup> Predictions of what the election result would look like based on present-day polling data indicates that gains are to be made by right-wing parliamentary groups, while the losses seem to be garnered by the Greens. Renew is also projected to lose seats, and thereby perhaps its third-biggest-group status, with the right-wing populist ID polling in third.<sup>70</sup> ECR is also expected to be amongst the parties that increase their seat-share in the upcoming elections.<sup>71</sup>

This trend towards the right is one that can be observed across Europe in Member States' national elections, in which far-right parties are becoming increasingly popular in response to influxes of immigration, lack of support towards the handling of defence issues, and disagreement regarding budgeting. Right-wing populists are likely to top the polls in nine member states: Austria, Belgium, the Czech Republic, France, Hungary, Italy, the Netherlands, Poland, and Slovakia.<sup>72</sup> Furthermore, anti-European populists are likely to land second or third in the polls of another nine

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<sup>68</sup> European Parliament. (2023). "How European elections work". Available [here](#).

<sup>69</sup> Publyon. (2024). "European elections 2024: predictions and implications for European businesses". Available [here](#).

<sup>70</sup> MacKenzie, Lucia and Giovanna Coi. (2024). "Your guide to the 2024 European election in 9 charts". Politico. Available [here](#).

<sup>71</sup> Gyapong, Olivia. (2024). Think tank projects populist surge in 2024 EU elections. Euractiv. Available [here](#).

<sup>72</sup> Cunningham, Kevin, Simon Hix, Susi Dennison and Imogen Learmonth. (2024). "A sharp right turn: a forecast for the 2024 European Parliament elections". European Council of Foreign Affairs. Available [here](#).

European member states: Bulgaria, Estonia, Finland, Germany, Latvia, Portugal, Romania, Spain, and Sweden.<sup>73</sup>

According to current forecasts, the 60% seat-share held by the “super grand coalition”, which consists of the EP’s three centrist groups (the conservative EPP, centre-left S&D and centrist Renew), will drop to 54%.<sup>74</sup> Leftist and centre-left coalitions are expected to have their current share decrease by 5%.<sup>75</sup>

A “populist right coalition”, composed of the EPP, the ECR and the ID is prognosed to increase their seat share from 43% to 49%.<sup>76</sup> Considering that a majority of non-attached MEPs are right-wing, the “populist right coalition” has votes to draw on in order to establish majority coalitions which form to the right of Renew for the first time since the establishment of the EP.<sup>77</sup> This could open the possibility to the establishment of a right-wing majority in the parliament for the first time since its inception.<sup>78</sup> This will certainly have an impact on decision making and policy within an array of fields, including that of energy, minerals, and agriculture.

## Energy

The energy crisis, created as a result of the Russian invasion of Ukraine, will play a crucial role in European energy policy and is a cornerstone of continental election campaigns.<sup>79</sup> The EU has taken a hard stance towards sanctioning Russia. Nonetheless, the EU is still sending approximately 2 billion euro per month to Russia in exchange for imports of oil and gas.<sup>80</sup>

Certain parties, such as the EPP, are pushing for harder restrictions against Russia and thereby pushing for a diversification of energy supply.<sup>81</sup> The next EP, even if a

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<sup>73</sup> Cunningham, Kevin, Simon Hix, Susi Dennison and Imogen Learmonth. (2024). “A sharp right turn: a forecast for the 2024 European Parliament elections”. European Council of Foreign Affairs. Available [here](#).

<sup>74</sup> Gyapong, Olivia. (2024). Think tank projects populist surge in 2024 EU elections. Euractiv. Available [here](#).

<sup>75</sup> Gyapong, Olivia. (2024). Think tank projects populist surge in 2024 EU elections. Euractiv. Available [here](#).

<sup>76</sup> Cunningham, Kevin, Simon Hix, Susi Dennison and Imogen Learmonth. (2024). “A sharp right turn: a forecast for the 2024 European Parliament elections”. European Council of Foreign Affairs. Available [here](#).

<sup>77</sup> Cunningham, Kevin, Simon Hix, Susi Dennison and Imogen Learmonth. (2024). “A sharp right turn: a forecast for the 2024 European Parliament elections”. European Council of Foreign Affairs. Available [here](#).

<sup>78</sup> Gyapong, Olivia. (2024). Think tank projects populist surge in 2024 EU elections. Euractiv. Available [here](#).

<sup>79</sup> Marino, Francesco. (2023). “The EU elections and their impact on energy policies”. Newsletter for the European Union. Available [here](#).

<sup>80</sup> EPP. (2023). “Stop sending billions to Putin”. EPP Group. Available [here](#).

<sup>81</sup> EPP. (2023). “Stop sending billions to Putin”. EPP Group. Available [here](#).

pro-European majority holds, is likely to be more Russia-friendly and less green.<sup>82</sup> If this is the case, then oil and gas imports from Russia are likely to stay at their current level. Diversification efforts, in terms of increasing the EU's supplier base, might slow. Furthermore, the efforts towards a green transition might dry up.

Beyond oil and renewables, nuclear energy is a contentious issue on the agenda. In September of 2023, pro-nuclear MEPs set out to establish an objection to a report sent to the Council by the S&P MEP Nicolas González Casares, in which financing options for new nuclear reactors and lifetime extension of existing ones were restricted.<sup>83</sup> The MEPs most opposed to the report belong to the far-right ID, the nationalist ECR, the radical Left group, the EPP and centrist Renew.<sup>84</sup> In particular, MEPs from the ID group used the debate to call on the bloc to increasingly scale up nuclear energy.<sup>85</sup> If the ID becomes the third largest party in the EP as current polls indicate, then the nuclear debate is likely to gain more prominence in the EP despite most MEPs deeming the energy source too controversial.

## Minerals

The EU's reliance on minerals has paved way for a potential dependency problem in an increasingly geopolitical contentious environment. This reliance problem is exacerbated by the EU's need for critical minerals to push forth its green transition plans. Since the Russian invasion of Ukraine and a spike in the aggression of China's trade and industrial policy, the EU has mobilised plans to diversify their supply of critical minerals such as cobalt and lithium.<sup>86</sup>

In September of 2023, "an overwhelming majority" of the EP voted to focus on building strategic and equal partnerships to boost supply of critical raw materials and thereby reduce dependence on China and Russia.<sup>87</sup> In November of 2023, the EP agreed on a common text for an act that established that no third-party was to supply more than 65% of any raw material, which includes critical minerals such as cobalt, copper, magnesium, and titanium.<sup>88</sup> The proposal established that the EU

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<sup>82</sup> Wax, Eddy. (2024). "A far right European Parliament?". Politico. Available [here](#).

<sup>83</sup> Messad, Paul. (2023). "Pro-nuclear MEPs defy EU Parliament on electricity market reform". Euractiv. Available [here](#).

<sup>84</sup> Messad, Paul. (2023). "Pro-nuclear MEPs defy EU Parliament on electricity market reform". Euractiv. Available [here](#).

<sup>85</sup> Jones, Mared Gwyn. (2024). "Norway's controversial approval of deep-sea mining divides European Parliament". Euronews. Available [here](#).

<sup>86</sup> European Parliament. (2023). "Critical raw materials: Securing the EU's supply sovereignty". Press Release. Available [here](#).

<sup>87</sup> European Parliament. (2023). "Critical raw materials: Securing the EU's supply sovereignty". Press Release. Available [here](#).

<sup>88</sup> Euractiv with Reuters. (2023). "EU agrees mineral supply targets to cut reliance on China". Available [here](#).

should produce 10%, recycle 15% and process 40% of its annual needs for 16 strategic raw materials, which includes both synthetic and natural graphite. The addition of synthetic graphite into the list was spurred by China's decision to tighten export controls of graphite, which produces about 90% of global graphite.<sup>89</sup>

The EP holds a general consensus on the need to diversify supply within critical raw materials to reduce dependency upon third-party states, particularly states which are suspected to use dependency for leverage or gain in the future. As such, the composition of the EP post-elections, is not likely to play a big role in the EU's efforts to diversify supply of critical minerals in the future.

However, not all issues within mineral supply face as wide support across the EP board. When it comes to increasing supply of critical minerals through deep-sea mining, MEPs are torn. On January 9<sup>th</sup>, 2024, Norway's parliament voted in favour of allowing deep-sea mining, thereby making Norway the first state in the world to do so. The decision has been criticised by environmentalists, conservationists and scientists who claim that this could be a rushed decision with irreparable consequences to marine life.<sup>90</sup>

On January 17<sup>th</sup>, 2024, the European Parliament took to debate on the topic. Political groups belonging to the pro-climate left called the decision irresponsible. Among them César Luena, an MEP for the S&D, who questioned, "how has this proposal been approved when 800 scientists oppose it, and when the Norwegian Environmental Agency has given a negative opinion?".<sup>91</sup> MEPs from Renew have also called the decision premature.

However, some more right-leaning MEPs claim that the criticism Norway is facing from the left and centre-left is hypocritical considering that the state has come up with a solution to curbing severe shortages in current supply chains. Deep-sea mining, for some MEPs, is part of a solution to decreasing dependence on non-democratic actors such as China or the Democratic Republic of Congo, where human right violations are widely documented within mining.<sup>92</sup> Tom Berendsen, MEP for the European People's Party (EPP), is amongst those who claim that "the supply

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<sup>89</sup> Euractiv with Reuters. (2023). "EU agrees mineral supply targets to cut reliance on China". Available [here](#).

<sup>90</sup> Jones, Mared Gwyn. (2024). "Norway's controversial approval of deep-sea mining divides European Parliament". Euronews. Available [here](#).

<sup>91</sup> Jones, Mared Gwyn. (2024). "Norway's controversial approval of deep-sea mining divides European Parliament". Euronews. Available [here](#).

<sup>92</sup> Adebayo, Taiwo. (2023). "Congo communities forcibly uprooted to make way for mines critical to EVs, Amnesty report says". AP news. Available [here](#); Redaction Africanews. (2023). "Chinese mining companies accused of human rights violations (NGOs)". Available [here](#).

chain [from countries such as Russia, China and Congo] is unstable, and the working conditions and environmental requirements in those countries are not up to our [EU] standards...in short, if we want to continue on the path of clean energy, and we want to do that, that also means making difficult choices".<sup>93</sup>

If the 2024 European elections skew the EP composition to the right, as is predicted, debates regarding the extent to which EU countries should self-supply critical minerals are likely to become more commonplace. Self-reliance could be underscored as a vital part of ensuring steady supply.

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## July 9                      Germany (regional)

In 2024, local and European elections will be held in Germany. On 9th July, German citizens will be called to express their opinions for the renewal of the European Parliament, but also for municipal elections in: Baden-Württemberg, Brandenburg, Mecklenburg-Vorpommern, Rheinland-Pfalz, Saarland, Sachsen, Sachsen-Anhalt. In the spring, there will be municipal elections also in Thüringen, followed by elections to the Land parliament (legislative elections) in September. Legislative elections will also be held in Sachsen and Brandenburg in September.

- As of today, national polls<sup>94</sup> show the governing coalition composed by the SPD, Green Party and Liberal Party facing difficulties, with each party respectively third, fourth and fifth nationally. The CDU / CSU is leading with 32%, while the far-right party AfD is second at 23%. These polls are relevant especially for the European elections, which will be on a national basis.
- According to local polls<sup>95</sup>, AfD is leading in all the three states where legislative elections will happen: Sachsen (34%), Thüringen (36%), and Brandenburg (32%). While the lead over the first runner-up in Sachsen, the Christian Democratic Union (CDU, to which the current Minister-President belongs), is still comparatively small at 4 percentage points, it is clear in the other two states. In Thüringen, the party was 16 points ahead of the CDU (here, the current Minister-President belongs to The Left party) , and in Brandenburg 10 points ahead of Chancellor Olaf Scholz's Social

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<sup>93</sup> Jones, Mared Gwyn. (2024). "Norway's controversial approval of deep-sea mining divides European Parliament". Euronews. Available [here](#).

<sup>94</sup> Politico. 2019. "Germany." POLITICO. November 26, 2019. Available [here](#).

<sup>95</sup> "Right-Wing AfD Party Leads Polls in Eastern German State Elections-Xinhua." n.d. English.news.cn. Accessed January 24, 2024. Available [here](#).

Democratic Party (SPD), which currently holds power in the state. All these data are taken from the RTL/ntv trend barometer conducted by the Forsa Institute.

- No precise data is available for municipal elections yet. However, in Baden-Württemberg, the CDU is increasingly threatened by a swing towards the AfD.

In 2023, Germany experienced a recession, with its economy shrinking by 0.3%<sup>96</sup>. This is largely due to the toll high inflation extracted on the German economic apparatus, especially on its industrial production, which declined unexpectedly in the last months of 2023<sup>97</sup>. These developments are closely linked with the country's commodities sector and sources. Indeed, before the start of Russia's war in Ukraine, just over half (55%)<sup>98</sup> of gas consumed in Germany was imported from Russia. Domestic energy generation was able to cover 16% of total consumption in 2023, thus the country remains heavily dependent on energy imports. The German government has made a binding undertaking to reduce greenhouse gas emissions by 55 per cent by 2030, and last year almost 50% of the country's power was generated by renewables<sup>99</sup>. It is also the world's third country by installed total wind power capacity, 64 GW in 2021 (59 GW in 2018) and second for offshore wind, with over 7 GW. The graph below shows how renewable energy is increasingly taking a more relevant place in the country's energy mix:

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<sup>96</sup> Partington, Richard, and Richard Partington Economics correspondent. 2024. "Germany on Track for Two-Year Recession as Economy Shrinks in 2023." The Guardian, January 15, 2024, sec. World news. Available [here](#).

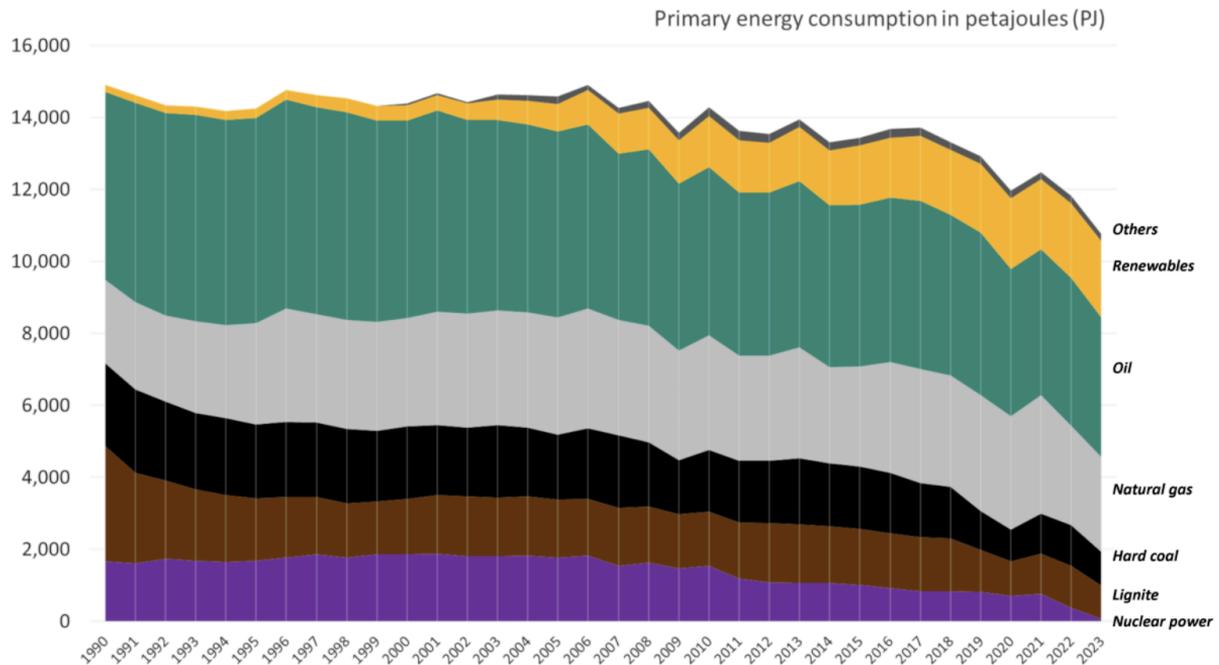
<sup>97</sup> Alkousaa, Riham, and Riham Alkousaa. 2023. "Eastern Germany's Brown Coal Belt Tries to Go Green." Reuters, June 19, 2023, sec. Energy. Available [here](#).

<sup>98</sup> Oltermann, Philip. 2022. "How Reliant Is Germany – and the Rest of Europe – on Russian Gas?" The Guardian. July 21, 2022. Available [here](#).

<sup>99</sup> Thomas, Eve. 2023. "Signal: 50% of Germany's Power to Be Generated by Renewables in 2023." Energy Monitor. September 19, 2023. Available [here](#).

### German energy sources' share in primary energy consumption 1990 - 2023.

Data: AG Energiebilanzen 2023, preliminary.



Source: *Clean Energy Wire*<sup>100</sup>

#### Potential consequences of 2024 election cycle on the commodities sector

- From the quick analysis above, AfD is the German party expected to make the most headwinds during these year's elections. The party traditionally adopts an extreme stance on climate change<sup>101</sup>, claiming there is no evidence that humanity is changing the climate, at least not to the degree that it is worth doing anything about. Very recently, the party has also tried to position itself on the sides of the many farmers who are protesting in Germany against a government's decision to cut subsidies for agricultural gasoline fuel<sup>102</sup>. In its programme, the party promised to scrap the German Renewable Energy Act (EEG), which set a goal of generating 80% of electricity supply from renewable energy resources by 2030. Moreover, the party is not opposed to nuclear power, rather it is against the use of renewable sources like

<sup>100</sup> Appunn, Kerstine, Yannick Haas, and Julian Wettengel. 2019. "Germany's Energy Consumption and Power Mix in Charts." *Clean Energy Wire*. April 3, 2019. Available [here](#).

<sup>101</sup> "How the Far Right Weaponized Heat Pumps." 2023. *POLITICO*. October 4, 2023. Available [here](#).

<sup>102</sup> "Germany's Far-Right AfD Profits from Climate Change Spat – DW – 06/01/2023." n.d. *Dw.com*. Available [here](#).

wind and solar energy<sup>103</sup>. This is relevant in a country that just decided to completely phase out of nuclear energy production<sup>104</sup>.

- As already said, the current government has set ambitious goals in terms of renewable energy, and production of the latter has been steadily increasing in the last few years. Interestingly, Thüringen<sup>105</sup> is among the three German states which produce more than half of their electricity from renewable sources. Brandenburg is also among the areas with the highest production of wind power in Germany<sup>106</sup>. Baden-Württemberg, Lower Saxony and Brandenburg are also among the top producers of solar energy<sup>107</sup>. Many of the states involved in this year's elections have already made important steps towards embracing renewable energies, especially Brandenburg, Thüringen, Mecklenburg-Vorpommern, Sachsen, and Sachsen-Anhalt.
- Finally, the states that will have elections in this year play a non-irrelevant role in Germany's energy mix. Thus, if AfD confirms the poll trends, many of them are likely to backtrack from their path towards renewable energies<sup>108</sup>, and will embrace fossil fuels like oil and coal (the latter is especially relevant in Eastern states, where AfD is stronger)<sup>109</sup>. On the other side, all other political parties, including both those composing the contemporary government<sup>110</sup> and opposition (CDU/CSU) are eager to continue on the decarbonization path, with investments in particular in wind and solar energy<sup>111112</sup>. Some of them might even push for a reversal of the phase-out from nuclear energy. However, it must be remembered that states' influence in climate policies is restricted, given that the Federal government retains large authority on this issue.

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<sup>103</sup> "Voters Flock to the AfD in Search of Energy Realism." n.d. UnHerd. Accessed January 24, 2024. Available [here](#).

<sup>104</sup> Kappeler, Laura Paddison, Nadine Schmidt, Inke. 2023. "'A New Era': Germany Quits Nuclear Power, Closing Its Final Three Plants." CNN. April 15, 2023. Available [here](#).

<sup>105</sup> "German Federalism: In 16 States of Mind over the Energiewende." 2016. Clean Energy Wire. March 9, 2016. Available [here](#).

<sup>106</sup> "Wind Power in Germany." 2024. Wikipedia. January 9, 2024. Available [here](#).

<sup>107</sup> "Germany: 10,000 MW of New Wind and Solar Capacity Connected to the Grid in Seven Months - News." n.d. Solar Power + Management. Accessed January 24, 2024. Available [here](#).

<sup>108</sup> "How the Far Right Weaponized Heat Pumps." 2023. POLITICO. October 4, 2023. Available [here](#).

<sup>109</sup> Alkousaa, Riham, and Riham Alkousaa. 2023. "Eastern Germany's Brown Coal Belt Tries to Go Green." Reuters, June 19, 2023, sec. Energy. Available [here](#).

<sup>110</sup> "Germany Plans \$63 Billion in Green Energy Investments for 2024." n.d. OilPrice.com. Available [here](#).

<sup>111</sup> Bloomberg.com. 2023. "Europe's Battered Wind Sector Starts to Find Hope in Year of Crisis," November 20, 2023. Available [here](#).

<sup>112</sup> "Germany: 10,000 MW of New Wind and Solar Capacity Connected to the Grid in Seven Months - News." n.d. Solar Power + Management. Accessed January 24, 2024. Available [here](#).

## July 15 Rwanda

Rwanda is set to hold presidential and parliamentary elections on 15 July 2024. Current head of state Paul Kagame, who has served as Rwanda's president since 2000, will seek re-election in 2024. Kagame is the overwhelming favorite in this presidential race given that he enjoys widespread support across the nation (he received over 90 per cent of the vote in the previous three elections).<sup>113</sup> However, there are questions around the validity of democratic elections in Rwanda as President Kagame's government has been known to purposefully suppress political opposition and stifle dissent.<sup>114</sup> Frank Habineza (Democratic Green Party of Rwanda) is the only known challenger to Kagame in the July elections. Kagame's political party, the Rwandan Patriotic Front (RPF), is also expected to maintain power in Rwanda's parliament following the elections.<sup>115</sup>

With the almost assured re-election of Paul Kagame, do not expect significant shifts in public policy relating to Rwanda's commodity markets. The government has been tightening fiscal and monetary policies to reduce debt and curb inflation, which may have a negative impact on economic growth in the short-term, but is expected to help address the current trade imbalance in the medium-term.<sup>116</sup> The government's fiscal year 2023/2024 budget priorities include increasing agricultural productivity, infrastructure improvement, and augmenting disaster prevention measures.<sup>117</sup> The Rwandan Government is also currently building a new international airport in Kigali that will enable land-locked Rwanda to become a bigger hub of trade, business, and industry.<sup>118</sup> Each of these initiatives is expected to increase the competitiveness of Rwanda commodity markets.

Rwanda is not a notable contributor to global trade (0.01 per cent of total world exports) given the small size of the country, but they do produce some agricultural

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<sup>113</sup> AfricaNews. (2023). "Rwanda: Presidential Election Set for July 15, 2024." Available [here](#).

<sup>114</sup> Siegle, Joseph, and Candace Cook. (2024). "Africa's 2024 Elections: Challenges and Opportunities to Regain Democratic Momentum." Africa Center for Strategic Studies. Available [here](#).

<sup>115</sup> AfricaNews. (2023). "Rwanda: Presidential Election Set for July 15, 2024." Available [here](#).

<sup>116</sup> International Monetary Fund. (2023). "Rwanda: First Reviews Under the Policy Coordination Instrument and the Arrangement Under the Resilience and Sustainability Facility, Request for the Modification of End-June 2023 Quantitative Targets, and Rephasing of Access Under the Resilience and Sustainability Facility-Press Release; Staff Report; and Statement by the Executive Director for Rwanda." Available [here](#).

<sup>117</sup> World Bank. (2023). "Rwanda Economic Update: Inclusiveness of Foreign Direct Investment in Rwanda." Available [here](#).

<sup>118</sup> World Bank. (2023). "Rwanda Economic Update: Inclusiveness of Foreign Direct Investment in Rwanda." Available [here](#).



products (tea, coffee, and rice) and rare earth materials (niobium, tantalum, vanadium).<sup>119</sup> The largest changes in Rwanda's commodity markets would arise from external factors, such as regional conflicts, extreme weather events, and volatile global energy and food prices. The country's largest import is petroleum oil, which makes the country particularly susceptible to global oil price shocks.<sup>120</sup> Additionally, a large portion of the domestic population is reliant on agriculture and farming for private consumption, and lower yields resulting from extreme weather or higher fertiliser prices may lead to higher food prices.<sup>121</sup>

The result of the Rwandan elections may include broader implications for the critical minerals market given the country's geopolitical tensions with the Democratic Republic of Congo (DRC). Relations between the DRC and Rwanda have strained in recent years due to conflicts in eastern DRC, which is also where many valuable minerals (cobalt, copper, and lithium) are found.<sup>122</sup> DRC President Felix Tshisekedi claimed, and the United Nations confirmed, that Rwanda is purposefully destabilising parts of eastern DRC by supporting armed groups in the region, such as the notorious M23 rebel group.<sup>123</sup> President Tshisekedi has attacked Kagame's leadership on numerous occasions, and has even threatened to declare war on Rwanda, although analysts believe that this rhetoric was more of a political manoeuvre rather than an explicit commitment to conflict. President Kagame has denied those accusations, and counter-blamed the DRC for supporting an armed group that has previously created disturbances in parts of Rwanda.<sup>124</sup> The increasing tensions between the two countries and the potential risk of a regional conflict pose a threat to the DRC's production of critical minerals and global critical mineral supply chains.

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## November 5 United States

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<sup>119</sup> World Trade Organization. (2023). "Trade Profiles: Namibia." Available [here](#).

<sup>120</sup> World Trade Organization. (2023). "Trade Profiles: Namibia." Available [here](#).

<sup>121</sup> World Bank. (2023). "Rwanda Economic Update: Inclusiveness of Foreign Direct Investment in Rwanda." Available [here](#).

<sup>122</sup> Lawal, Shola. (2023). "Could DR Congo's Tshisekedi declare war on Rwanda if re-elected?" Al Jazeera. Available [here](#).

<sup>123</sup> Siegle, Joseph, and Candace Cook. (2024). "Africa's 2024 Elections: Challenges and Opportunities to Regain Democratic Momentum." Africa Center for Strategic Studies. Available [here](#).

<sup>124</sup> Lawal, Shola. (2023). "Could DR Congo's Tshisekedi declare war on Rwanda if re-elected?" Al Jazeera. Available [here](#).



## Overview of Elections

Stabilisation and development of global energy markets will depend on the results of the United States 2024 general election in November. In this cycle, not only will Americans be electing a president, but 468 Congressional seats are also open (all 435 seats in the House of Representatives<sup>125</sup> and 33 Senate seats<sup>126</sup>). In this election, a clear victor is impossible to predict as polls indicate that undecided and toss-up votes will determine Congressional and Presidential wins<sup>127</sup>.

Americans will once again choose between Democratic presumptive nominee Joe Biden and Republican presumptive nominee Donald Trump for president. The two differ significantly regarding policy objectives including the development of energy markets in the US and abroad. The election outcomes will undoubtedly affect global energy markets, renewable energy trends, and energy independence.

## Market Overview

The US energy market exported 30% more energy in 2022 than the year prior. As well as an overall demand increase, 68% of consumption came from petroleum and gas while 20% was from renewable and nuclear energy sources<sup>128</sup>. In recent years, both the production and consumption of energy increased in parallel. However, this trend may cease in 2024 and 2025.

Prospects for the US energy market are positive. Despite a loss of 6.7% in December 2023, oil, gas, and clean energy markets are expected to thrive in 2024. Key factors associated with market growth are heightened geopolitical risks, competition, and substantial investment. In particular, investments aim to improve current infrastructure, technological innovation, and developing clean energy infrastructure<sup>129</sup>.

Moreover, as the US braced for a recession in 2023, crude oil prices instead grew by 5.2% in the annualised third quarter. Markets are expected to perform well<sup>130</sup> throughout the upcoming elections. In particular, markets tend to outperform when a president seeks reelection. As the presumptive presidential candidates are both current or former incumbents, this trend is likely to persist.<sup>131</sup>

## Oil and Gas

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<sup>125</sup> 270twin. (2024). "2024 House Elections: Consensus Forecast." Available [here](#).

<sup>126</sup> 270twin. (2024). "2024 Senate Elections: Senate Forecast." Available [here](#).

<sup>127</sup> 270twin. (2024). "2024 Presidential Election Polls." Available [here](#).

<sup>128</sup> USA Facts. (2023). "What types of energy does the US produce and consume? How much energy do Americans use?." Available [here](#).

<sup>129</sup> U.S. Department of the Interior. (2024). "Biden-Harris Administration Announces Significant Progress to Catalyze Solar Energy Development Through the West." Available [here](#).

<sup>130</sup> Reuters. (2024). "US elections toss twist at markets fixated on Fed, economy." Available [here](#).

<sup>131</sup> U.S. Global Investors. (2020). "Markets Have Outperformed When A President Seeks Reelection." Available [here](#).

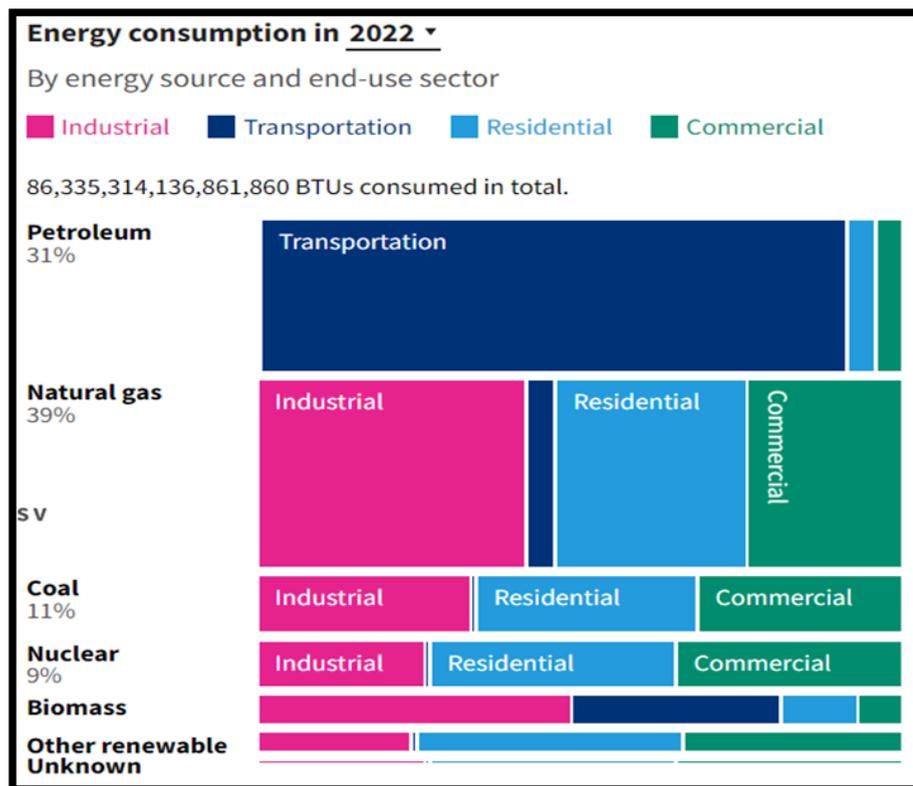


Crude oil production is expected to reach 13.2 million b/d in 2024 and 13.4 million in 2025. Gasoline prices are forecast to average \$3.40 per gallon in 2024 and \$3.20/ gal in 2025<sup>132</sup>.

Underpinning oil and gas market profitability are increased demand, restricted and limited supply, and infrastructural efficiencies<sup>133</sup>. US oil production is at a record high and will grow until 2025 amid steady production levels. Oil market prices grew by 5.26% as a result of strong US economic indicators and heightened tensions in the Middle East. Geopolitical risk factors contributing to this growth include wars and attacks on shipping vessels in the Red Sea<sup>134</sup>.

The US and OPEC will keep oil prices in a range of \$80 - \$100 USD per barrel. Increased competition from the US means that the production costs of OPEC exporters will have to shrink. Crude oil prices will, however, “fall gradually from a peak of \$81 USD per barrel in March 2024 to \$74 USD by December 2025.”<sup>135</sup>

The US has a strategic advantage in exporting its energy. Emerging and recovering economies are becoming increasingly dependent on these reserves for development.



<sup>132</sup> U.S. Energy Information Administration. (2024). “Short-Term Energy Outlook.” Available [here](#).

<sup>133</sup> Fidelity. (2024). “Energy: A brighter 2024.” Fidelity. Available [here](#).

<sup>134</sup> Oil Price. (2024). “Geopolitical Risk and Economic Optimism Push Oil Prices Higher.” Oil Available [here](#).

<sup>135</sup> U.S. Energy Information Administration. (2024). “Short-Term Energy Outlook.” Available [here](#).



*\*Table sourced from the US Energy Information Administration for the 2022 year. It displays the percentage of energy sources consumed by end-use sector.<sup>136</sup>*

## Clean Energy

In 2021, nearly 30% of all energy-related jobs were in energy efficiency<sup>137</sup>. This includes clean energy, storage, and renewable generation. Clean energy is a core pillar of the Biden-Harris economic rejuvenation policy objectives<sup>138</sup>. The climate agenda comprises plans to decarbonise industrial sectors, pause pending approvals on LNG exports, advance solar energy development<sup>139</sup>, and continuously invest millions in and provide approval for clean energy projects.

Emphasised by the Inflation Reduction Act (IRA), in 2022, the US took significant steps to propel a clean energy economy and tackle the climate crisis. Major investments outlined in its pillars were: (1) an appropriation of \$11.7 billion USD for the Loan Program Office, (2) an increase of \$100 billion USD to the existing loan program authority, and (3) the designation of \$5 billion USD for a new loan program called the Energy Infrastructure Reinvestment (EIR) Program.<sup>140</sup>

Other commitments to clean energy include \$254 million to decarbonise the industrial sector and revitalise domestic manufacturing<sup>141</sup> and \$207 million in clean energy and domestic fertiliser projects<sup>142</sup>. Since 2021, 46 clean energy projects have been approved and have powered over 3.5 million homes. And, to meet its goal of reducing 50-52% greenhouse gas pollution by 2030, more supportive government agendas are likely to come from a second Biden-Harris term.

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<sup>136</sup> USA Facts. (2023). "What types of energy does the US produce and consume? How much energy do Americans use?". Available [here](#).

<sup>137</sup> USA Facts. (2023). "What types of energy does the US produce and consume? How much energy do Americans use?". Available [here](#).

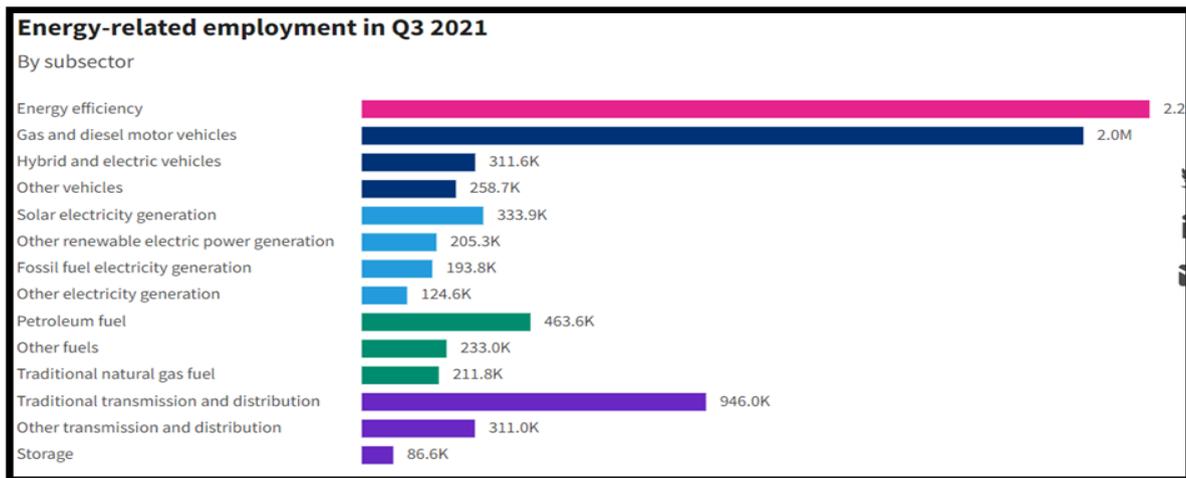
<sup>138</sup> The White House. (2023). "Building a Clean Energy Economy: A Guidebook to the Inflation Reduction Act's Investments in Clean Energy and Climate Action." Available [here](#).

<sup>139</sup> Solar Quarter. (2024). "Biden-Harris Administration Achieves Major Milestones in Advancing Solar Energy Development Across the Western United States." Available [here](#).

<sup>140</sup> Department of Energy Loan Programs Office. (2023). "Inflation Reduction Act of 2022." Available [here](#).

<sup>141</sup> "Biden-Harris Administration Announces \$254 Million to Decarbonize America's Industrial Sector and Revitalize Domestic Manufacturing." U.S. Department of Energy. (2024). Available [here](#).

<sup>142</sup> U.S. Department of Agriculture. (2024). "Biden-Harris Administration invests \$207 Million in Clean Energy and Domestic Fertilizer Projects to Strengthen American Farms and Businesses as part of Investing in America Agenda." Available [here](#).



\* Table sourced from the US Energy Information Administration. It depicts the distribution of jobs by subsector. 2022. It shows the total number of people employed by the sub-sector within the energy sector.<sup>143</sup>

### Natural Gas

US energy exports continue to exceed the previous year’s records. In 2022, exports were the highest on record, increasing by 9.3% from the previous year. Natural gas exports, including liquified natural gas (LNG), comprised 25% of total US energy exports, where Europe was a top importer.<sup>144</sup>

Natural gas production will grow between 1-2 per cent and is likely to exceed previous records. Prices for the natural gas benchmark, Henry Hub, remain under \$3 USD per million British thermal units (MMBtu) until 2025. The benchmark estimates that spot price averages will range between \$2.60 USD/ MMBtu and \$2.70 USD/ MMBtu in 2024 and again increase in 2025 as exports are expected to increase as well<sup>145</sup>.

Recently, the Biden administration has moved to pause pending decisions regarding liquified natural gas (LNG) exports<sup>146</sup>. The temporary pause will enable the government to reassess the environmental and economic impacts of current and proposed LNG energy projects. This decision does not impact current exports nor ignores national security needs.

### Competition

Regardless of the administration elected, US oil and gas markets will continue to grow into 2025, albeit with a reduction in market price. In contrast, OPEC will reduce supplies voluntarily into 2025, presumably to reach an equilibrium towards an optimal price<sup>147</sup>. As

<sup>143</sup> USA Facts. (2023). “What types of energy does the US produce and consume? How much energy do Americans use?”. Available [here](#).

<sup>144</sup> U.S. Energy Information Administration. (2023). “U.S. energy facts explained.” Available [here](#).

<sup>145</sup> U.S. Energy Information Administration. (2024). “Short-Term Energy Outlook.” Available [here](#).

<sup>146</sup> CNBC. (2024). “Biden pauses approval of new LNG export projects in win for climate activists.” Available [here](#).

<sup>147</sup> U.S. Energy Information Administration. (2024). “Short-Term Energy Outlook.” Available [here](#).



well, production of LNG is projected to decrease to 0.6 million b/d in 2024 due to slowed supply growth.

However, 2025 estimates for LNG production predict an increase of 1.6 million b/d.<sup>148</sup> This may be in part due to the recent China-Qatar LNG partnership. This agreement will (1) ensure Chinese energy security, (2) strengthen China's inclination as a climate leader, and (3) constrain an already contentious US-China relationship<sup>149</sup>.

Moreover, the clean energy market will be of particular interest in the coming years. It will likely be the least invested market under a republican presidential administration<sup>150</sup>. Biden's billions towards clean energy investments may be eliminated<sup>151</sup>, though conservative-leaning states are likely to be the biggest beneficiaries<sup>152</sup>. In contrast, Latin America is accelerating the development of its clean energy infrastructure<sup>153</sup>. As the world grapples with the realities of a changing climate, the region could prove to be a major competitor to the US for clean energy exports.

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## 7 December Ghana

Ghana is scheduled to hold its general election on 7 December 2024. Incumbent president Nana Akufo-Addo, who has served in office since 2017, is term-limited. Akufo-Addo's vice president, Mahamudu Bawumia, is the standard bearer for the centre-right New Patriotic Party (NPP) while their centre-left rival, National Democratic Congress (NDC) has turned once again to John Mahama, the former president of Ghana and its nominee in every election since 2012. As is customary in Ghanaian elections, an array of candidates from lesser-known, fledgling political parties are likely to also be on the ballot, with the best-known being Alan John Kwadwo Kyerematen, the former Minister of Trade and Industry that resigned from the NPP to form Movement for Change.<sup>154</sup> Recent elections in Ghana have been competitive between the two major parties, best reflected in the NPP and the NDC having the exact same number of MPs in the Ghanaian parliament.<sup>155</sup> This trend is

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<sup>148</sup> U.S. Energy Information Administration. (2024). "Short-Term Energy Outlook." Available [here](#).

<sup>149</sup> China-US Focus. (2023). "Is China Outpacing the U.S. in its Energy Transition?" Available [here](#).

<sup>150</sup> E&E News by Politico. (2024). Brugger, Kelsey. "GOP eyes 'buffet' approach to attack Biden on climate, energy." Available [here](#).

<sup>151</sup> Financial Times. (2024). "Donald Trump would gut Joe Biden's landmark IRA climate law if elected." Available [here](#).

<sup>152</sup> Sustainability by Numbers. (2024). "Republican states are going strong on solar and wind, but not for the climate." Available [here](#).

<sup>153</sup> International Energy Agency. (2023). "Latin America to play an essential role in the global transition to a more secure and sustainable energy system." Available [here](#).

<sup>154</sup> My Joy Online. (2023). "Alan Kyerematen quits NPP to run as independent presidential candidate." Available [here](#).

<sup>155</sup> Africa Center for Strategic Studies. (2024). "Ghana: December 7." Available [here](#).

likely to continue in 2024 with the economy – and as a consequence, commodities – as a central theme of the campaign.

Ghana's economy has faced deleterious conditions stemming from the 2020 COVID-19 global pandemic with its ability to rejuvenate highly dependent on its commodities markets, most notably gold, cocoa, and oil & gas.<sup>156</sup> Lithium and the extraction of raw minerals like salt and iron ore increasingly figure into Ghana's export agenda.<sup>157</sup> Given the economy's reliance on its commodities exports, Ghana remains particularly vulnerable to market volatility and such fluctuations often compels Ghanaian leadership to prioritise short-term fixes over long-term solutions for the sake of political expediency.<sup>158</sup> The economic downturn compelled the Ghanaian government to secure a \$3 billion IMF development loan.<sup>159</sup>

The leveraging of commodities as a political wedge issue has already become a feature of the campaign and those with interests in Ghana should prepare for this to continue through the December election.<sup>160</sup> For example, the NPP government has overseen the expanded extraction of lithium, signing a lease agreement with Australian firm Atlantic Lithium. This arrangement has generated controversy with environmental stakeholders and the NDC, which has called the agreement into question as it sees an opportunity to capitalise on burgeoning concerns with inequality and environmental degradation.<sup>161</sup> Though the NPP government continues to partner with Atlantic Lithium, certain projects and firms risk increased scrutiny because of electioneering efforts.<sup>162</sup> Additionally, illegal and small-scale mining projects remain a significant challenge vulnerable to political considerations.<sup>163</sup> This includes recent accusations of corruption within the NPP.<sup>164</sup>

A Bawumia presidency is likely to feature a great deal of continuity, including the use of critical minerals like gold to enact policies aimed at combating wider economic malaise. Bawumia is seen as central to the government's current gold-for-oil scheme in which the Ghanaian government, in a bid to lower vital fuel costs and to reverse currency depreciation, has purchased strategically priced oil reserves with gold, as opposed to its traditional

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<sup>156</sup> The World Bank. (2023). "The World Bank in Ghana." Available [here](#).

<sup>157</sup> GhanaWeb. (2023). "Ghana is now closer to California due to lithium – NPP MP hints at Elon Musk Visit." Available [here](#).

<sup>158</sup> Bebbington, Anthony, et al. (2018). "Competitive Clientelism and the Political Economy of Mining in Ghana." *Governing Extractive Industries: Politics, Histories, Ideas*. Oxford. Available [here](#).

<sup>159</sup> International Monetary Fund. (2023). "IMF Executive Board Approves US\$3 Billion Extended Credit Facility Arrangement for Ghana." Available [here](#).

<sup>160</sup> My Joy Online. (2023). "Lithium agreement not in the best interest of Ghana- NDC." Available [here](#).

<sup>161</sup> Ghana News Agency. (2023). "NDC Minority demands parliamentary scrutiny of Lithium Agreement." Available [here](#).

<sup>162</sup> Proactive Investors. "Atlantic Lithium gets US\$5m investment from Ghana's mineral fund, with US\$28m more expected." Available [here](#).

<sup>163</sup> The Conversation. (2023). "Ghana's informal mining harms health and the land – but reforms must work with people, not against them." Available [here](#).

<sup>164</sup> GhanaWeb. (2023). "I am battling five court cases over my galamsey report- Frimpong-Boateng." Available [here](#).



trading currency, the U.S. dollar.<sup>165</sup> To help fund the scheme, the government forced mining interests to sell 20% of their refined gold to the Central Bank of Ghana.<sup>166</sup> A Bawumia government would likely continue to maximise commodities as a tool to ease negative economic indicators and the business sector should prepare accordingly.

Meanwhile, Mahama was president during a boom period for Ghanaian exports in which revenues and royalty rates for the Ghanaian government increased.<sup>167</sup> However, the Mahama administration conceded to industry by backing off even more progressive tax regimes, including a proposed windfall tax, following pressure from mining firms.<sup>168</sup> While Mahama previously governed with an understanding of how damaging disruptions in the commodities markets could be, he has pledged to reconsider Ghana's current reliance on international firms in prospecting new areas of mineral exploration. Instead, he has proposed utilising Ghana's Geological Survey Authority to conduct additional prospecting on behalf of the state, granting it additional leverage in extraction projects.<sup>169</sup> Should the NDC return to power under Mahama, deviations in policy and prioritisation in line with transfers of power in democracies should be expected, but a more comprehensive overhaul less likely.

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## December      Algeria

Algeria is scheduled to hold a presidential election in December 2024. Abdelmadjid Tebboune, the sitting president of Algeria, is expected to run for a second term, and he currently faces no significant political competition for the presidential post. One of the reasons for the lack of challengers is due to the fairness and undemocratic nature of Algerian presidential elections. President Tebboune's political party, the National Liberation Front (FLN), has consolidated ruling power through military support and active suppression of political opposition.<sup>170</sup> During the 2019 presidential elections, there were widespread public demonstrations calling for the implementation of pro-democracy political reforms in Algeria, which came to be known as the Hirak protests. The protests forced Tebboune's predecessor and fellow FLN party member Abdelaziz Bouteflika to step down prior to the elections, but the military helped facilitate the transfer of power to Tebboune in an election that was

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<sup>165</sup> Reuters. (2022). "Ghana plans to buy oil with gold instead of U.S. dollars." Available [here](#).

<sup>166</sup> Mining.com. (2022). "Ghana orders miners to sell 20% of refined gold to central bank." Available [here](#).

<sup>167</sup> Bebbington, Anthony, et al. (2018). "Competitive Clientelism and the Political Economy of Mining in Ghana." *Governing Extractive Industries: Politics, Histories, Ideas*. Oxford. Available [here](#).

<sup>168</sup> Reuters. (2014). "Ghana puts plans for mining windfall tax on hold." Available [here](#).

<sup>169</sup> GhanaWeb. (2023). "John Mahama promises to maximise natural resource for accelerated development." Available [here](#).

<sup>170</sup> Siegle, Joseph, and Candace Cook. (2024). "Africa's 2024 Elections: Challenges and Opportunities to Regain Democratic Momentum." Africa Center for Strategic Studies. Available [here](#).



heavily boycotted by the Algerian people.<sup>171</sup> Since then, the Tebboune administration has clamped down on Hirak protesters and other sources of political opposition in the country.<sup>172</sup> Nevertheless, other potential presidential candidates are expected to emerge later in 2024.

While there are still calls for political reforms in Algeria, the Tebboune administration's recent achievements on social initiatives and Algeria's relatively strong economic outlook have helped increase political support for Tebboune.<sup>173</sup> This coupled with the lack of political challengers seems to indicate that President Tebboune is slated to win another term as president. However, public frustration over the level of inflation and growing uncertainty about the sustainability of high levels of government spending are still a cause for concern for the current president.<sup>174</sup> Therefore, the December 2024 presidential election will likely depend on the prevailing social, political, and economic situation in Algeria come autumn, as well as who ends up challenging President Tebboune in the election.

With regard to the 2024 presidential election, the outlook for Algeria's commodity markets are generally positive. Two Algerian commodity markets to watch heading into the upcoming election are the hydrocarbon and agricultural markets.

### Hydrocarbons

Crude oil, petroleum gas, and refined petroleum product exports currently account for approximately 95 per cent of Algeria's total export value, and are paramount to the country's economy.<sup>175</sup> President Tebboune implemented several macroeconomic policies and expanded spending on social programs over the past couple years to enhance domestic stability and bolster public support heading into the 2024 elections.<sup>176</sup> To fund these popular government initiatives, the Tebboune administration has relied on strong revenues from hydrocarbon exports. Expect this trend to continue in 2024 as increased European demand for energy resources drive demand for Algerian hydrocarbon supplies.<sup>177</sup> Additionally, ongoing conversations between Sonatrach, the Algerian state-owned energy company, and U.S. gas giants

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<sup>171</sup> Kilavuz, Tahir and Sharan Grewal. (2020). "Algerians have been protesting for a year. Here's what you need to know." Brookings Institution. Available [here](#).

<sup>172</sup> Siegle, Joseph, and Candace Cook. (2024). "Africa's 2024 Elections: Challenges and Opportunities to Regain Democratic Momentum." Africa Center for Strategic Studies. Available [here](#).

<sup>173</sup> Economist Intelligence Unit. (2023). "What to watch in 2024: Algeria." Available [here](#).

<sup>174</sup> Ghebouli, Zine Labidine. (2024). "Policy shifts and political challenges as Algeria prepares for upcoming elections." Middle East Institute. Available [here](#).

<sup>175</sup> International Trade Administration. (2023). "Algeria - Country Commercial Guide." Available [here](#).

<sup>176</sup> Economist Intelligence Unit. (2023). "What to watch in 2024: Algeria." Available [here](#).

<sup>177</sup> World Bank. (2023). "Algeria Economic Update: Continuing the Diversification Effort." Available [here](#).



Chevron and ExxonMobil to develop greater gas production capacity in Algeria would further increase hydrocarbon supplies for the country.<sup>178</sup>

Risks to the Algerian hydrocarbon market include volatility in global oil prices and constraints on production capacity, such as downward revision of OPEC+ oil quotas. Hydrocarbon exports may also decrease due to expanded domestic consumption stemming from government-led industrial and transportation projects in Algeria.<sup>179</sup> Given the importance of the hydrocarbon market – and specifically hydrocarbon exports – to the Algerian economy, do not expect drastic changes in hydrocarbon trade or industrial policy regardless of who is elected president in December.

### Agricultural Products

The results of the 2024 election are unlikely to significantly affect agricultural policy and output in Algeria. A drought in 2023 subdued agriculture output, which increased agricultural imports and decreased exports in order to meet domestic demand, resulting in inflated food prices.<sup>180</sup> Assuming a return to normal weather patterns, Algeria's agriculture market should rebound to previous levels. Given that Algeria's agricultural exports – including cereals, pulses, sugars, fruits, and vegetables – provide only a small fraction of the country's export value, changes in agricultural output will be felt more acutely by the domestic population.<sup>181</sup> While the Algerian agricultural market should not be dramatically affected by the 2024 presidential election, risks from extreme weather could continue to jeopardize agricultural output and prices in Algeria.

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## TBA

## South Africa

South Africa's ruling party, African National Congress (ANC), which has been in power for 30 years, is set to face its most competitive election since the end of apartheid in 1994. The ANC's approval rating has dropped significantly from 69% in the 2004 elections to 41% in 2023 October polls.<sup>182</sup> Although it is almost certain that ANC will garner the most votes, 2024 may be the election in which the party loses their 30-year parliamentary majority.<sup>183</sup> If this is the case, a coalition government will be needed to secure a majority. Resulting

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<sup>178</sup> Economist Intelligence Unit. (2023). "What to watch in 2024: Algeria." Available [here](#).

<sup>179</sup> World Bank. (2023). "Algeria Economic Update: Continuing the Diversification Effort." Available [here](#).

<sup>180</sup> World Bank. (2023). "Algeria Economic Update: Continuing the Diversification Effort." Available [here](#).

<sup>181</sup> Observatory of Economic Complexity. "Algeria." Available [here](#).

<sup>182</sup> Hartley, Ray, Greg Mills and Henry Sands. (2023). "Fresh Poll Shows ANC Dropping to 41% and a Path to Victory for Multi-Party Charter." The Brenthurst Foundation. Available [here](#).

<sup>183</sup> Africa Center for Strategic Studies. (2024). "South Africa: May-August". Available [here](#).

government factionalism and policy priorities remain unclear, as the ANC has not previously dealt with coalition partners.

### Energy Market

Looking at commodities, the main issue on the electoral agenda is Eskom and how to go about handling the state-owned company which supplies over 95% of South Africa's electric power.<sup>184</sup> Poor management of the company has plunged South Africa into a 15-year energy crisis, which recently resulted in president Ramaphosa declaring a national state of disaster in February 2023.<sup>185</sup> In 2022, rolling blackouts called "load shedding" averaged eight hours per day, which cost the South African economy 2-3% of their GDP growth.<sup>186</sup>

Currently, about 80% of the country's electricity is provided by coal. To tackle both the energy crisis and the poor reputation South Africa has garnered as a heavyweight polluter, the ANC has pushed for energy diversification. In particular, renewable energy is regarded as an increasingly important source of power. However, developments of the sector have hitherto been slow due to: 1) fears of adverse impacts on black-owned-and-staffed coal businesses, which compose an important voter base for the ANC, 2) questions about the economic viability of "quitting" on a cornerstone of the South African economy and fears of exacerbating the country's unemployment crisis, and 3) reluctance within the ANC to open doors to private investment in such strategically important power sectors. The need to form a coalition government might force the ANC to bring South Africa's renewable energy policy into practice.

The main opposition party, Democratic Alliance (DA), supports the liberalisation of the energy sector and has played a prominent role in lobbying for the generation of electricity at the municipal level.<sup>187</sup> A cornerstone of the party's message consists of criticising the ANC government for excessive corruption, part of it caused by the government's interest in Eskom. According to their platform, the DA wants to "inject efficiency" into the South African energy system by promoting deregulation and opening the market up to the private sector.<sup>188</sup> The DA is also considering energy diversification, however, not only along the lines of green energy, but also within oil and gas exploration. The party has previously stated that fracking and offshore drilling are on the table, which can contribute to widening South Africa's energy portfolio.<sup>189</sup> As such, the party believes it can halt Eskom's "utility death

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<sup>184</sup> Eskom. (2024). "Heritage". Eskom. Available [here](#).

<sup>185</sup> Ndenze, Faith. (2023). "President Ramaphosa Declares National State of Disaster in Electricity Crisis". Parliament of the Republic of South Africa. Available [here](#).

<sup>186</sup> Engelbrecht, Lavinia. (2023). "South Africa: World Bank Backs Reforms to Advance Energy Security and Low Carbon Transition". World Bank. Available [here](#).

<sup>187</sup> Kamanzi, Brian. (2021). "The Crisis in South Africa's Energy Sector: Towards a Just Transition". Working Paper Number 3. Tricontinental: Institute for Social Research. Available [here](#).

<sup>188</sup> Democratic Alliance. (2019). "The Manifesto for Change: One South Africa for All". Democratic Alliance. Available [here](#).

<sup>189</sup> News 24. (2012). "DA does about-turn on fracking". News 24. Available [here](#).

spiral” by unravelling the firm’s strong grip on the South African energy market and by diversifying energy production.<sup>190</sup>

The populist left-wing party Economic Freedom Fighters (EFF) has positioned itself as a potential kingmaker in previous regional coalitions. The party, which is rooted in Marxism-Leninism, supports the nationalisation of land, banks, and strategic sectors, including that of energy.<sup>191</sup> In response to South Africa’s energy crisis, the EFF’s Deputy Commander-In-Chief, Floyd Shivambu, claimed in a presentation to the South African parliament in February, 2023 that “the reality is that, immediately, you have no other solution except plugging in the FSRU (floating storage regasification units - for liquid natural gas) from Turkey, Russia and China”.<sup>192</sup> The party has previously proposed cooperating with China, Russia, Qatar, or Turkey to jumpstart such a project.<sup>193</sup> The EFF in general prefers tackling the energy crisis alongside Russia or China, two fellow BRICS-members, ahead of the West.<sup>194</sup> In particular, the EFF Shivambu has previously expressed that the Russian state nuclear energy company Rosatom would be of particular interest.<sup>195</sup>

### Critical Minerals

The South African government’s poor handling of Eskom has led to negative spill-over effects in other vital national commodity markets, such as minerals. The re-election of an ANC majority will likely lead to the continuation of the previously seen status quo of policy inertia and paralysis. Under the ANC-majority leadership, the mineral supply has suffered and given rise to illegal mining due to a general lack of skilled workers (exacerbated by brain drain), a insufficient education system (which falls behind in areas such as engineering, metallurgy, chemistry, and mining), high unemployment, and unfavourable immigration laws.<sup>196</sup> In November of 2023, Ramaphosa launched “Operation Prosper”, whereby 3,300 army personnel were ordered to take part in a nationwide operation to curb illegal mining, a market which is estimated to include 30,000 illegal miners.<sup>197</sup>

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<sup>190</sup> Democratic Alliance. (2022). “Powering Growth and Development: DA Energy and Electricity Policy Proposition”. Democratic Alliance. Available [here](#).

<sup>191</sup> Africa Center for Strategic Studies. (2024). “South Africa: May-August”. Available [here](#).

<sup>192</sup> CAJ News. (2023). “Opposition has the answers to SA’s energy crisis”. Available [here](#).

<sup>193</sup> Malema, Julius. (2023). “Floating Power Stations short term solution to SA’s energy crisis – EFF”. PoliticsWeb. Available [here](#).

<sup>194</sup> CAJ News. (2023). “Opposition has the answers to SA’s energy crisis”. Available [here](#).

<sup>195</sup> CAJ News. (2023). “Opposition has the answers to SA’s energy crisis”. Available [here](#).

<sup>196</sup> Le Cordeur, Michael. (2023). “We can only fix youth unemployment if we correct our broken education system”. Daily Maverick. Available [here](#).

<sup>197</sup> Al Jazeera. (2023). “South Africa turns to army in nationwide clampdown on illegal mining”. Available [here](#); Martin, Alan. (2019). “Solving South Africa’s violent and costly Zama Zama problem”. Institute for Security Studies. Available [here](#).



Due to increasingly high electricity costs and uncertainty associated with Eskom, key players in South Africa's mining and energy industries, amongst them the key players ArcelorMittal (steel giant) and the fuel company Sasol, are turning to private power generation.<sup>198</sup>

If the ANC is to form a left-wing coalition government, the impact on the supply of minerals is likely to continue to be felt as the left supports nationalisation, which can be seen as the crux of the mismanagement of the mining industry in South Africa. As such, it is not unreasonable to expect that with a further push to nationalise, South African problems with supplying critical minerals such as gold, platinum and chrome will be exacerbated.

If the ANC receives a majority, the mitigation of supply problems would only occur if the party seriously restructures governance of the energy and mining industries' in response to their difficult win in the election. If the ANC chooses to go into a coalition with a more right-oriented political stance, the result will be a push for further liberalisation and privatisation across South African industries.

#### Agricultural Commodities

As the main policy issue is the country's energy crisis, it is unlikely there will be any sweeping changes to food policy, and thereby agricultural production. The political point of divide between the parties is the extent of the nationalisation of land that they support. A left-leading majority will lead to further nationalisation, which might exacerbate the divide between South African farmers amongst racial lines as questions regarding redistribution rise.

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## TBA

## Namibia

Parliamentary and presidential elections are expected to be held in Namibia in November 2024. The South West Africa People's Organisation (SWAPO), the party that currently holds the presidency and a majority of seats in parliament, have selected Netumbo Nandi-Ndaitwah to be the party's presidential candidate. Nandi-Ndaitwah is the current frontrunner to win the presidency, though the election is expected to be a relatively tightly contested race and SWAPO's majority in the National Assembly is expected to be diminished following the elections.<sup>199</sup> The SWAPO party has both neoliberal and socialist factions in it, with the liberal, more business-friendly wing currently possessing more power. However, public frustration is growing around delays to land reform and austerity measures, which

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<sup>198</sup> Kamanzi, Brian. (2021). "The Crisis in South Africa's Energy Sector: Towards a Just Transition". Working Paper Number 3. Tricontinental: Institute for Social Research. Available [here](#).

<sup>199</sup> Mumbuu, Edward. (2023). "Battle lines drawn for 2024 polls." New Era. Available [here](#).

could cause greater divisions in SWAPO and result in more political instability leading up to the election.<sup>200</sup>

It is anticipated that Nandi-Ndaitwah's main challengers will be Panduleni Itula (Independent Patriots for Change), McHenry Venaani (Popular Democratic Movement), and Bernadus Swartbooi (Landless People's Movement). Several other candidates are also expected to feature on the ballot, though none of these individuals are likely to be serious contenders for the presidency.<sup>201</sup> Provided the election of Netumbo Nandi-Ndaitwah in November, we can anticipate policy continuity in the government.

With regard to commodity markets, Namibia relies heavily on the mining industry to fuel economic growth. The country is the world's third largest producer of uranium and is endowed with large amounts of non-fuel minerals, such as diamonds and gold.<sup>202</sup> There are also significant lithium and other rare earth mineral deposits in Namibia.<sup>203</sup> One potential risk in the Namibian mining sector is resource nationalism as the SWAPO-led government seeks to exert greater control over the commodities sector to expand revenue sources.<sup>204</sup> In 2023, the government banned exports of unprocessed critical minerals used in clean energy technologies, encouraging companies to develop more domestic processing plants.<sup>205</sup> While not yet an official policy position, there have been informal discussions for the government to claim ownership stakes in mining companies and nationalize strategic resources and critical minerals.<sup>206</sup>

The government is also developing legislation for the nascent Namibian oil and gas industry that would implement local content policies, such as regulations governing supply of domestic goods and services.<sup>207</sup> Concerning taxes, the government recently lowered corporate tax rates in the country, but may look to raise tax rates on other revenue sources to compensate for the decrease in corporate rates.<sup>208</sup>

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<sup>200</sup> Economist Intelligence Unit. (2023). "Namibia risk: Political stability risk." Available [here](#).

<sup>201</sup> Mumbuu, Edward. (2023). "Battle lines drawn for 2024 polls." New Era. Available [here](#).

<sup>202</sup> World Trade Organization. (2023). "Trade Profiles: Namibia." Available [here](#).

<sup>203</sup> Reuters. (2023). "Namibia bans export of unprocessed critical minerals." Available [here](#).

<sup>204</sup> Economist Intelligence Unit. (2023). "Namibia risk: Macroeconomic risk." Available [here](#).

<sup>205</sup> Reuters. (2023). "Namibia bans export of unprocessed critical minerals." Available [here](#).

<sup>206</sup> Economist Intelligence Unit. (2023). "Namibia risk: Alert – Government policy disrupts development of the oil and mining sectors." Available [here](#).

<sup>207</sup> Economist Intelligence Unit. (2023). "Namibia risk: Alert – Government policy disrupts development of the oil and mining sectors." Available [here](#).

<sup>208</sup> Economist Intelligence Unit. (2023). "Namibia risk: Tax policy risk." Available [here](#).



## TBA Venezuela

Venezuela is rich in mineral resources, especially Oil and Gas, having one of the most extensive confirmed reserves. They are also wealthy in iron, gold, nickel, coal, and bauxite<sup>209</sup>. However, these commodities had their market reach limited until recently. The United States and Western imposed sanctions against the second term of President Maduro in Venezuela in 2019. Maduro's opposition boycotted the 2018 election, and several countries did not recognize the legitimacy of his re-election, amid claims of human rights degradation and government corruption. The United States, its biggest buyer of oil at 2018<sup>210</sup>, replied with financial embargoes against Venezuela, putting the country through the current economic crisis. But last October, the U.S. issued a licence to authorise doing business with Venezuelan industries, notably in the oil, gas and gold sectors, after an agreement was reached between Maduro's government and its opposition to engage in a democratic presidential election in 2024<sup>211</sup>.

The U.S. Treasury lifted some of the embargoes with Venezuelan industries, with an expiration date of six months<sup>212</sup>. The licence was conceived due to the Barbados Agreement, a formal commitment between Maduro's government and its opposition to ensure democratic elections. And to ensure that, there is a list of conditions to be followed: until November there must be the reestablishment of opposition candidates banned from participating in 2024; the release of wrongfully convicted political prisoners and U.S. citizens; an international viewers participation in the elections; an equal access to the media for the opposition. The European Union did not follow with it, but shortened the sanctions revision from one year to six months<sup>213</sup>. The EU currently has a ban on arms and equipment for internal repression, a travel ban and asset freeze of 54 listed Venezuelan individuals.

In the week following the Barbados Agreement, the opposition held a primary to select who to face Maduro. María Corina Machado, a free-market and conservator legislator, won with a striking voter's support<sup>214</sup> of 93 % of the votes among 10 participants. However, she got banned from this election and any political job during the next 15 years, before this primary, over claims supporting the U.S. ban and the former opposition candidate, Juan Guaido<sup>215</sup>. She recently appealed against this ban, which was studied and denied by Venezuela's highest court. After the confirmation of her political ban, Machado posted on her social media accounts that the decision was equal to "kill" the Barbados deal. That might be true.

There are no term limits for the president in Venezuela, so Nicolás Maduro - who has ruled as Venezuela's president since 2013 - is up for a third run. He is at a record low of popularity

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<sup>209</sup> Britannica (2023). "Services of Venezuela.". Available [here](#).

<sup>210</sup> Observatory of Economic Complexity (2021) "Venezuela Overview.". Available [here](#).

<sup>211</sup> Congressional Research Center (2024). "Venezuela: Overview of U.S. Sanctions Policy.". Available [here](#).

<sup>212</sup> Martin, Zepa e Laya (2023). "US Suspends Some Sanctions on Venezuelan Oi... Sectors.". Available [here](#).

<sup>213</sup> European Council (2023). "Venezuela: Council reviews restrictive measures.". Available [here](#).

<sup>214</sup> Herrera & Glatky (2023). "Maduro Antagonist on Track to... Primary.". The New York Times. Available [here](#).

<sup>215</sup> Acosta, Andreina Itriago (2023). "Venezuela Opposition Leader ...15 Years.". Bloomberg. Available [here](#).



with only 25% of approval<sup>216</sup>, according to a Caracas-based pollster<sup>217</sup>. He is engaging with the voters by organising a referendum over the control of the Essequibo region, a regional dispute with Guyana dated from 1800 and put in the spotlight by Venezuela from time to time. The referendum shows the support of Venezuela's citizens for Caracas's control of the region, which is rich in oil and ruled by Western sympathisers<sup>218</sup>. Maduro claims the referendum was not a campaign strategy. Still, analysts view the awakening of the Essequibo national claim as a strategy to regain national support before election.

In the middle of this political turmoil, there are no changes in the investors expectations. The government bonds that will expire in 2027 were being quoted at 21.4 cents. This is only 2 cents below the highest level on the very same day Machado, the highest opposition contender, was confirmed ineligible<sup>219</sup>. Several reasons can explain this trust on the maintenance of the sanctions lift, and the major one is that it is beneficial to the U.S.. Lifting the sanctions equals adding oil supply onto a market with access restrictions from Russia's oil, which can help bring prices down. Analysts at S&P Global Commodity Insights, also see Joe Biden, the U.S. president up for reelection this year, assuring gasoline low prices, thus increasing U.S. appetite for oil<sup>220</sup>, the raw material for the fuel. Another is that improving the Venezuelan economy might bring down the number of undocumented migrants at the U.S. border, an issue brought up frequently recently due to the U.S. presidential elections.

The sanction relief brought a brief prosperity after eight years of economic depression that shrank the Venezuelan economy by 75% between 2013, when oil prices plummeted, and 2021<sup>221</sup>. The financial firm Ecoanalytics has predicted a GDP increase of 9.7% in 2024 if this trend continues, and for this to happen, the embargoes lift has to continue<sup>222</sup>. However some elements can overthrow this prosperity. The Venezuelan presidential election might be viewed as not democratic enough and stop new businesses with the U.S., and make the country re-establish the sanctions again. On the other hand, The U.S. presidential election can raise its oil demand, keep fuel prices low to attract votes to the ruling democratic party, and force it to continue to trade Venezuelan oil regardless of election fairness from Maduro.

Analysts say that even though oil refiners are snatching contracts with the Venezuelan oil sector right after its market became accessible again, the impact on supply and price won't be felt so soon. The PDVSA, Venezuela's oil public company, has low productivity after years of lack of investment on infrastructure, and its output cannot be increased quickly (The Economist 2023). So even if, again, the company can deal with U.S. clients, changes on the overall market will be seen more clearly in the future, with new investments coming to make the oil drilling more efficient.

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<sup>216</sup> Zerpa, Fabiola and Acosta, Andreina Itriago (2024). "Venezuela... Candidate.". Bloomberg. Available [here](#).

<sup>217</sup> Iglesias, Simone, and Andreina Itriago Acosta (2024). "Venezuela... Dispute.". Bloomberg. Available [here](#).

<sup>218</sup> Iglesias, Simone, and Andreina Itriago Acosta (2024). "Venezuela... Dispute.". Bloomberg. Available [here](#).

<sup>219</sup> Acosta, Andreina Itriago (2023). "Venezuela Opposition Leader...15 Years.". Bloomberg. Available [here](#).

<sup>220</sup> Griffin, Rosemary, and Aresu Eqbali (2023). "War and sanctions... Venezuela.". S&P Global. Available [here](#).

<sup>221</sup> Economic Commission for Latin America and the Caribbean (2022). "Bolivarian Republic of Venezuela." Available [here](#).

<sup>222</sup> Armas, Mayela, and Deisy Buitrago (2023). "With elections coming and...I spending.". Reuters. Available [here](#).



Any pathway that prevents the economy from more embargoes is an optimistic trajectory for its commodities-driven economy. However, it is too soon to predict more significant risks than Maduro's continuing to deliver the bare minimum. The president failed to deliver a clear outline to reinstitute opposition contenders, and Venezuela's highest Court maintained the before-agreement political bans, casting doubt on its fairness. Nonetheless, without a clear popular opposition contender - without no legal-issues to run - everything points to another Maduro win, which is the extension of the same-old risks of betting on the commodities in Venezuela: the lack of the rule of law.



LONDON POLITICA

