

## WEEKLY POLITICAL COMPASS

Welcome to this edition of the Weekly Political Compass from Teneo's political risk advisory team.

This week, we are taking a closer look at **Japan's** tariff negotiations with the **US**. Meanwhile, **Italy's** prime minister travels to Washington, and **Mexico** and **India** are also hoping for advantageous deals. Elsewhere, **China's** Xi Jinping tours **Southeast Asia** at this transformative moment, **Turkey's** central bank meets amid a fresh wave of political repression, and the limited changes in **Serbia's** new government may not satisfy protestors.

As always, we welcome your questions or comments at [Macro@teneo.com](mailto:Macro@teneo.com).

### GLOBAL SNAPSHOT

*With Japan first in line to begin comprehensive tariff negotiations with the US, we ask our Japan analysis lead [James Brady](#) to look ahead.*

Why has Japan adopted a more conciliatory approach towards the new US tariff policy compared to other countries?

For Japan, as an export-oriented advanced manufacturing economy, the impacts of tariffs of between 10 and 25% on goods exports to its second-biggest trade partner poses a significant threat to its growth model, while the secondary effects on its largest trade partner, China, and the wider global economy are also deeply unsettling. But above all, Tokyo's heavy dependence on the US via the bilateral defense alliance drives fears that trade frictions could spill over into even more consequential problems for national security.

What will be on the agenda when the Japanese delegation meets US counterparts in Washington on 17 April?

Prime Minister Shigeru Ishiba said on 14 April that Japan will not make major concessions just to get an early deal. Rather, the delegation—which will be led by Ishiba's close aide Ryosei Akazawa—will likely focus on potential 'carrots' rather than threats of retaliatory tariffs. The Japanese side will again emphasize the country's status as the top external investor in the US, and perhaps promise even greater investments in things like the Alaska LNG pipeline project if tariff levels on autos and other key sectors are mitigated. There could also be offers of greater purchases of US agricultural goods and energy, and perhaps an offer of some minor concessions around auto exports. However, reports suggest that the US side is looking at a wider agenda that could include things like Japan's domestic auto safety standards and currency management, while Japan's defense expenditure levels and host nation support payments might also be discussed.

### WHAT TO WATCH

#### ASIA-PACIFIC

[China/Southeast Asia](#)

**President Xi Jinping began a visit to Vietnam, Malaysia, and Cambodia on Monday, where he will seek to expand trade links as the region grapples with US tariffs.** On Sunday, Xi spoke by phone with Indonesian President Prabowo Subianto and called for a deepening of the two countries' strategic partnership.

#### India/US

**India sees Donald Trump's 90-day tariff tweak as creating diplomatic breathing space, and hopes to begin sector-specific trade negotiations in the coming weeks.** A "zero-for-zero" tariff framework proposed by the US is unlikely to gain traction, as India prefers a broader package deal covering goods, services, and regulatory barriers. Indian officials argue such parity suits US-EU ties but not a US-India deal, though they hope Washington's China concerns will help soften its stance. In the near-term, India is expected to tighten scrutiny on low-cost Chinese imports, signaling alignment with US efforts to reshape global supply chains.

#### South Korea

**The criminal trial of former president Yoon Suk-yeol on insurrection charges formally began on 14 April and is expected to run through until July.** In theory, a guilty verdict could result in life imprisonment or even a death sentence, although convicted ex-presidents have in the past eventually received pardons. Yoon's successor as president will be elected on 3 June, with the progressive Democratic Party's Lee Jae-myung currently the front-runner and Yoon's conservative People Power Party yet to coalesce around a candidate.

### EUROPE

#### Italy/US

**Prime Minister Giorgia Meloni will meet with US President Donald Trump in Washington on 17 April.** It will mark the first time a European leader has met with Trump since he announced a 20% tariff on EU imports, which was subsequently changed to 10% for 90 days. This week's meeting presents Meloni with an opportunity to demonstrate her diplomatic acumen and reaffirm Italy's position as a pivotal intermediary in transatlantic relations—a role she has long sought to embody as a conduit between Brussels and Washington. Following her return to Italy, Meloni will receive US Vice President J.D. Vance in Rome on 18 April, as he begins a three-day visit to the country.

#### Turkey

**The Central Bank (TCMB) is set to keep the benchmark one-week repo rate unchanged when its Monetary Policy Committee meets on 17 April, pausing its rate-cutting cycle.** In response to the market turmoil triggered by President Tayyip Erdogan's latest wave of political repression, the TCMB raised the upper band of the policy rate from 44% to 46% and suspended one-week repo auctions, which pushed interest rates up to 46%.

#### Serbia

**Parliament this week is expected to approve a new government led by Prime Minister-designate Djuro Macut.** According to the proposed cabinet lineup revealed on 14 April, key ministers from the outgoing Vucevic government—including those responsible for finance, foreign affairs, interior, and energy—are set to retain their posts. The limited scope of the cabinet reshuffle signals policy continuity across most sectors and is unlikely to ease public dissatisfaction over perceived corruption, public sector inefficiencies, and weak democratic institutions.

### LATIN AMERICA

#### Mexico

**Economy Minister Marcelo Ebrard is seeking differentiated tariff treatment for various automobile makes and models based on their level of US and regional content.** Tariffs on automotive parts were initially understood to apply to content not originating in the US, contingent upon a certification and collection process that is still pending finalization. These tariffs are scheduled to commence on 3 May, but given Mexico's integration with the US, Ebrard hopes that the country can secure

preferential treatment. This strategy, which entails pursuing relative tariff advantages over global competitors, could potentially stimulate near-shoring investments. Nevertheless, several challenges could hinder near-shoring endeavors. These include the ongoing uncertainty surrounding US tariffs; the lack of clarity regarding the termination of Trump's tariffs; the uncertain future trajectory of the United States-Mexico-Canada Agreement (USMCA); other pressing issues in bilateral relations with the US; and concerns over the reliability of the emerging legal framework and the potential subordination of regulatory bodies.

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