

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 **China's** response to **the US's** protectionist turn. Meanwhile, **Japan** is set to pursue negotiations in response to the new tariffs, **Germany's** new coalition is coalescing, and the national unity government in South Africa hangs by a thread. Elsewhere, **South Korea's** presidential election date is set to be announced, **Serbia's** next prime minister gets nominated, and **Ecuador** and **Gabon** will hold presidential elections.

As always, we welcome your questions or comments at Macro@teneo.com.

GLOBAL SNAPSHOT

With policymakers around the globe analyzing the implications of the US's monumental shift towards protectionism, we ask our China analysis lead [Gabe Wildau](#) for the view from Beijing.

How has China responded to the "Liberation Day" tariff announcements?

On Friday 4 April, the Chinese government announced a [package of retaliatory measures](#), including a tit-for-tat 34% across-the-board tariff on imports from the US, restrictions on US agricultural imports, new export controls, and an anti-monopoly investigation into US chemical giant DuPont. This package — which is notably less restrained than Beijing's response to two earlier rounds of 10% US tariffs imposed in [February](#) and [March](#) — reflects the Chinese leadership's diminished hopes for a trade deal with the US.

What is the outlook for further developments in the coming days?

Chinese leaders have reportedly decided not to approve a deal to allow the sale of TikTok, which Beijing apparently hoped would be one element of a broader agreement to reset US-China relations. Domestically, the Chinese government is signaling readiness to increase monetary and fiscal stimulus policies to buffer the impact of US tariffs. Chinese sovereign wealth fund Central Huijin also moved to calm financial markets on Monday 7 April by injecting money into the stock market through index-fund purchases.

WHAT TO WATCH

ASIA-PACIFIC

Japan

Prime Minister Shigeru Ishiba had a call with Donald Trump on 7 April and will send a "top team" to Washington to negotiate on tariffs, according to a social media post by the US president. Ishiba has already effectively ruled out a retaliatory tariff response, as Japan [seeks to balance](#) the need to mitigate domestic economic impacts with broader concerns about its security alliance with the US. Tokyo is already planning policy measures to support firms impacted by the

US tariffs, while political debates are continuing about measures to help consumers, with some opposition parties calling for a cut in consumption tax.

South Korea

Following Yoon Suk-yeol's removal from office, the government is set to announce this week that the next presidential election will be held on 3 June. The opposition Democratic Party is expected to select as its candidate 2022 presidential election runner-up Lee Jae-myung, who currently has a strong lead in opinion polls. Lee is known for his advocacy of progressive populist economic policies like universal basic income but could moderate his positions to appeal to independent voters. Yoon's People Power Party must also shortly choose a candidate, with no clear front-runner for the conservative governing party.

EUROPE

Germany

The future coalition partners are hoping to conclude government formation talks this week. Friedrich Merz's concessions to the Social Democrats (SPD) — most notably, the EUR 500bn investment fund — have led to criticism among the Christian Democrats (CDU/CSU). However, SPD sign-off in a membership ballot remains the more important signpost. Polling suggests that the far-right Alternative for Germany (AfD) is benefiting from perceptions that Merz is breaking election promises. The future chancellor seems to be paying an early political price for not communicating more openly about domestic and geopolitical pressures for greater investment.

Serbia

On 6 April, President Aleksandar Vucic nominated as candidate for prime minister Djuro Macut, a renowned physician with little political experience. Although formally independent, Macut is one of the founders of the People's Movement for the State, a new political organization initiated by Vucic. Macut's government lineup and program—due to be outlined in the coming days and subject to parliamentary approval by 18 April—will be important factors shaping public perception of whether his appointment signals a move toward a more independent, technocratic government or simply marks a continuation of policies directed by the ruling Serbian Progressive Party (SNS).

LATIN AMERICA

Brazil

Former President Jair Bolsonaro's 6 April pro-amnesty law rally in São Paulo drew over fifty thousand supporters, ten times more than last week's anti-amnesty law demonstration there. Bolsonaro spoke for close to thirty minutes about the need for amnesty for those who stormed and ransacked official buildings in Brasília on 8 January 2023. Seven potential conservative presidential candidates attended the rally, hoping to compete for the Bolsonaro vote in his absence from the ballots on October 2026. The amnesty bill seems unlikely to gain enough votes to pass, with polls suggesting a majority of voters oppose it.

Ecuador

The presidential run-off election pitting President Daniel Noboa against leftist challenger Luisa Gonzalez takes place on 13 April. Most polls indicate that Gonzalez has a slight edge, though one of the historically more accurate pollsters (Comunicaliza) suggests Noboa leads by a small margin. The outcome remains difficult to predict, given the close race in February's first-round vote and the tendency of many voters to decide at the last minute. In this context, missteps by either candidate or events could be consequential, such as criminal revelations or further landslides and floods following recent heavy rainfall. A very close outcome could delay results or lead to contestation based on fraud allegations.

AFRICA

South Africa

South Africa's outlook for domestic politics and bilateral relations with the US is going from bad to worse. The government of national unity (GNU) coalition is hanging by a thread, with the ANC and Democratic Alliance (DA) locked in tense talks on 7 April over disagreements about the budget and power-sharing generally. Simultaneously, bilateral relations with the US are reaching a new low following worse-than-expected tariffs imposed on South Africa and the introduction of two South Africa-specific bills in the US Congress.

Gabon

The first presidential election since the August 2023 coup d'état is set to take place on 12 April. Interim President Brice Clotaire Oligui Nguema, who led the military takeover that ousted then-president Ali Bongo Ondimba, will face seven other challengers. These include Alain-Claude Bilie By Nze, a former prime minister under Bongo. However, with a fragmented opposition, polls point to a victory for Nguema.

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