

WEEKLY POLITICAL COMPASS

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

This week, we are taking a closer look at a challenging G7 Summit in **Canada**, with other leaders including from **South Korea** and **Brazil** also attending. Elsewhere, the **Israel-Iran** conflict continues, **China** conducts maritime drills, and bond markets await a key decision by the Bank of **Japan**. Meanwhile, there are problems for the ruling party in **Spain** and the former leaders of **Argentina** and **Thailand**, but better news for the president of **Cote d'Ivoire**.

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

GLOBAL SNAPSHOT

With the G7 Summit taking place in Alberta, we ask our Calgary managing director [Lauren Ramey](#) and vice president [Fernand Le Fèvre](#) to look ahead.

What are the key agenda issues for the summit in Kananaskis?

Prime Minister Mark Carney's office lists the core issues as protecting communities and the world, building energy security and accelerating the digital transition, and securing the partnerships of the future. The emphasis on items such as critical minerals, AI, and quantum highlight the Canadian government's focus on these sectors as vectors of domestic growth.

What are the major implications of the summit for the Carney government?

This is the first major foreign policy test for Carney since his recent election. He has already signaled a change in approach by inviting figures such as India's PM Narendra Modi and Saudia Arabia's Crown Prince Mohammed bin Salman, pivoting towards a more pragmatic engagement. While the Carney government appears to favor a two-phased approach to trade negotiations with the US — settling the immediate issue of tariffs before turning to USMCA — Mexican President Claudia Sheinbaum's presence could help lay early groundwork for the trilateral trade agreement.

What are the key signposts to watch?

First, will any countries be able to capitalize on US President Donald Trump's presence to make progress on new trade agreements? There have been rumors that both Canada and Mexico could announce separate bilateral deals with the US during the summit, though recent reports have dampened expectations on the Canadian side. Second, with no final joint communiqué planned, how will Canada frame any outcomes in a possible statement from the chair? PM Carney may try to position himself as a mediator between the US and the rest of the G7 by highlighting progress on shared objectives, while minimizing areas of friction. Finally, which countries will issue joint statements and on which topics?

WHAT TO WATCH

MIDDLE EAST

Israel/Iran

Despite considerable back and forth exchange of missile strikes this weekend, there was not a single escalatory event that moved the needle on the regional or global risk assessment. Israel struck missile, nuclear, and energy sites around Iran, while Iranian missiles struck urban centers in Haifa and Tel Aviv, infrastructure, and other areas. In the coming days, Israel is expected to continue its efforts to erode Iran's nuclear program and Iran is expected to continue its strikes on Israel. Looking ahead, the big questions concern Iran's choice of weapons and targets, the participation of Iranian proxies (which raises the miscalculation risk), and any potential change in the current nature of US support — particularly if a US asset in the region is directly targeted. Each of these variables could significantly alter the outlook.

ASIA-PACIFIC

Japan

The market for super-long government bonds will be the main focus when the Bank of Japan's monetary policy committee meets this week from 16 to 17 June. With yields on bonds with 20-plus year maturities volatile and appetite for recent issuance low, speculation has risen that the BOJ could slow the pace of its tapering of bond purchases. There is little prospect of a hike in short-term interest rates at this meeting, with US trade policy continuing to drive significant uncertainty in Japan's economic outlook.

China

China's military conducted joint sea and air patrols in the South China Sea on Saturday. A People's Liberation Army (PLA) statement cited efforts by the Philippines to invite non-regional countries to participate in "so-called joint patrols," which the PLA says "raised security risks." The PLA statement was a veiled reference to US-Philippines joint maritime drills held earlier this month for the seventh time.

Thailand

Thaksin Shinawatra, the former prime minister and father of current PM Paetongtarn Shinawatra, remains under scrutiny for alleged preferential treatment following his return from self-exile last year. The affair underscores continued elite efforts to constrain Thaksin's influence as well as the diminished power of the Shinawatra brand. Last week, the Thai medical council upheld sanctions against three doctors accused of ethical violations related to the medical findings that enabled Thaksin's transfer to a police hospital, allowing him to avoid jail until his pardon and parole. Separately, the Supreme Court has summoned witnesses in its inquiry into whether officials improperly approved his hospital stay. Additional hearings may be held in July.

South Korea

President Lee Jae-myung is making his debut on the global stage this week, for meetings on the sidelines of the G7 summit. While a bilateral with US President Donald Trump will draw the most attention, no substantive discussions regarding ongoing trade talks are expected. A trilateral meeting with Trump and Japan's PM Shigeru Ishiba is also anticipated. In addition to prioritizing the US-ROK alliance and continuing the trilateral framework established in 2023, going forward, Lee's "[pragmatic diplomacy](#)" approach is also expected to feature greater outreach towards North Korea, China, and Russia than seen under predecessor Yoon Suk-yeol's "values-based diplomacy."

EUROPE

Spain

Prime Minister Pedro Sánchez has appointed a "transition team" to lead his Spanish Socialist Workers' Party (PSOE) after a key party figure Santos Cerdán was implicated in a [major corruption scandal](#). Despite calls from right-wing opposition parties for a snap election, the government is unlikely to call one at a time of weakness for the left-wing bloc. The government has also so far rejected presenting a confidence vote that could be used to strengthen its parliamentary majority, though a no-confidence vote filed by the PP is unlikely to obtain the required parliamentary majority. Further leaks involving more party

members, or suggestions that Sánchez had prior knowledge of Cerdán's alleged misconduct, would substantially increase the likelihood of snap elections.

LATIN AMERICA

Brazil

President Lula da Silva will travel to the G7 summit this week, the ninth time he will attend the event in his eleven years as Brazil's Head of State. Known for past advocacy on hunger, poverty, and climate change, since his 2022 reelection Lula has used his participation in G7 summits to criticize "antagonistic blocs" and defend multipolarity and alignment with the Global South. In Kananaskis, Lula is likely to focus on the upcoming COP30 in Brazil as well as calls for a more inclusive international governance model through a reform of the UN Security Council. Ukraine president Volodymyr Zelensky has requested a meeting with Lula in Canada, though no meeting with Donald Trump is currently scheduled.

Argentina

Former president Cristina Fernandez (CFK) is set to turn herself into authorities on 18 June following the Supreme Court's decision last week to uphold a conviction for fraud. Fernandez, who is expected to serve her six-year term under house arrest rather than in prison, wants to make a political spectacle out of her summons to the main Buenos Aires courts complex; significant rallies by her supporters are likely. Going forward, a question for both legal authorities and the government is how to avoid CFK using her home as a political headquarters. However, CFK's conviction could also present a challenge to Peronist candidates in future elections as their position on the issue takes on new political importance. According to polls carried out in the aftermath of the Supreme Court ruling last week, a majority of the public agree with the verdict, though a sizable minority reject it.

AFRICA

Cote d'Ivoire

The governing Rally of Houphouëtists for Democracy and Peace (RHDP) coalition party will hold its party congress on 21-22 June. Delegates are expected to officially confirm President Alassane Ouattara as the party's candidate for the 25 October presidential election. The decision comes after several key opposition figures were legally barred from competing in the polls, including Tidjane Thiam of the main opposition Democratic Party of Ivory Coast. The exclusion of major opponents paves the path for a likely victory for Ouattara in October.

[Client Portal >>](#)

Geopolitical Research

+44 20 7186 8894

Macro@teneo.com

© 2025 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo. To unsubscribe click [here](#).