

## 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 the **Israel-US-Iran** conflict. Elsewhere, **NATO** members gather in the Netherlands for a crucial summit; the Organization of American States (**OAS**) holds its general assembly amid complex regional challenges; and **Rwanda** and the **DRC** are set to sign a US-brokered peace agreement. Meanwhile, **China** criticizes **Taiwan's** president and courts **Pakistan** and **Bangladesh**; **India** ponders energy security; political problems grow in **Thailand**, **Serbia**, and **Kenya** but ease in **Romania**; and the presidential race in **Chile** shapes up.

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

### GLOBAL SNAPSHOT

With the **Israel-US-Iran** conflict continuing to rapidly evolve, we ask our managing director [Emily Stromquist](#) to look ahead.

#### What are the very latest developments?

Following the damaging US strikes on Iran's nuclear program on 21 June, a ceasefire between Iran and Israel began on 24 June. Hours after the ceasefire commenced, Israel accused Iran of violations and vowed to conduct fresh strikes. President Trump ordered Israel to "calm down," stating that any fresh offensive would be a "major violation." It is important to remember that a ceasefire is just a first, but important, step to try to quiet the situation long enough to get Israel and Iran to negotiate. This will now be the priority.

#### What is the outlook in the coming days?

In the immediate aftermath of recent events, Iran, Israel, and the US are jockeying to shape the narrative. There are many unanswered questions and the endgame remains ill-defined, further complicating the road ahead and any future talks. Both Israel and Iran have attempted to sell this as a win at home, and both have incentives to cooperate, but there are also significant headwinds to a permanent deal and difficult concessions each side will attempt to extract. These are the conditions shaping any impending talks.

### WHAT TO WATCH

#### ASIA-PACIFIC

##### Mainland China/Taiwan

**Mainland China's government condemned a speech by Taiwanese President William Lai, saying the speech "incited cross-strait confrontation" and contained a "hodgepodge of 'Taiwan independence' fallacies."** Lai's speech on 22 June, the first of ten in a series called "uniting the country," said that Taiwan is "of course" a country and highlighted the distinct ethnic identity of indigenous Taiwanese. In March and April, the People's Liberation Army responded to a provocative speech by Lai with extensive [military exercises](#).

## China/South Asia

**China hosted the first-ever trilateral meeting with Pakistan and Bangladesh in Kunming on 20 June, marking a new strategic initiative aimed at deepening regional cooperation among the three countries.** China appears to be [deepening its efforts](#) to reshape South Asian alignments under the broad banner of regional cooperation and Belt and Road connectivity. The move could add to long-standing fears in India of strategic encirclement, particularly as it follows closely on the heels of China's similar outreach to Afghanistan and Pakistan.

## India

**Amid events in the Middle East, India's oil minister Hardeep Singh Puri has sought to reassure the public by highlighting diversified oil sources and sufficient reserves.** However, rising crude prices globally are likely to have knock-on inflationary effects. While India is exploring alternative suppliers, the broader strategic fallout is evident in the growing uncertainty around the Chabahar port, where investment of over USD 500mn could be impacted. Once envisioned as a critical trade and connectivity corridor to Central Asia, the Chabahar port is increasingly vulnerable, raising questions about India's regional influence and connectivity ambitions.

## Thailand

**Anti-government protesters will gather on 28 June in Bangkok to demand the resignation of Prime Minister Paetongtarn Shinawatra.** The size of the rally could determine how quickly the current political crisis escalates, as well as the near-term outlook for the government's survival. The protest movement's leaders include Jatuporn Promphan, previously a leader of the pro-Shinawatra Red Shirts, and Panthep Puapongpan of the so-called Yellow Shirts, which regularly clashed with the Thaksin governments of the past two decades. The opposition People's Party will not be participating, though it too has called for Paetongtarn's resignation and fresh elections.

## **EUROPE**

### NATO

**Ongoing conflicts, defense spending commitments, trade, and alliance cohesion will all be in focus as the 32 members of NATO gather in The Hague from 24 to 25 June for what could be a crucial annual summit.** As well as discussing conflicts in the Middle East and Russia's war on Ukraine, leaders will discuss committing to spending 5% of GDP on defense and related investment, though Spain and other European states have concerns. The looming US tariff deadline on 9 July could also be another point of friction, with the EU pushing for a zero-for-zero tariff deal and Washington insisting on a 10% baseline. The eventual outcomes are likely to contribute to the ongoing [rebalancing of transatlantic relations](#).

### Romania

**Parliament's approval of a new four-party coalition government led by Ilie Bolojan is expected to end the protracted political crisis since December 2024's annulled presidential election.** With a strong parliamentary majority, the administration of Prime Minister Bolojan (National Liberal Party, PNL) will prioritize fiscal consolidation, pension system reform, and downsizing the administrative apparatus. In foreign policy, the government will maintain a strong pro-Western stance, supporting key EU and NATO initiatives as well as Ukraine. The main risks to stability include potential internal disagreements and declining voter support amid unpopular reforms.

### Serbia

**A large demonstration planned in Belgrade on 28 June will test the momentum of student-led anti-government protests that have continued since last November.** The previous major protest in the capital on 15 March drew over 100,000 participants, based on conservative government estimates. Despite ongoing demonstrations, the government is unlikely to resign or agree to early general elections. Meanwhile, Serbian officials are seeking to negotiate another deferral of US sanctions on the country's main oil company, Naftna Industrija Srbije (NIS), which are set to take effect on 28 June.

## LATIN AMERICA

### Region

**The Organization of American States (OAS) holds its 55th General Assembly in Antigua and Barbuda this week.**

It will be the first under new Surinamese Secretary-General Alberto Ramdin, who replaces the Uruguayan Luis Almagro. Ramdin's aspiration to be an "honest broker" in regional crises likely reflects the charge that Almagro assumed more overtly political positions during his tenure, especially towards Venezuela. Ramdin's ability to act as a mediator could be complicated by the multiplicity of complex regional challenges, as well as tensions arising from the US agenda towards Latin America. Ramdin was apparently not the Trump administration's first choice for the post.

### Chile

**A primary election to determine the presidential candidate for the governing left-wing coalition takes place on 29 June, though only two of the four contenders have a realistic chance of victory.** For several months, former interior minister Carolina Toha of the center-left Party for Democracy (PPD) appeared to have the best chance of securing the nomination. However, former labor minister Jeannette Jara of the Communist Party (PC) has experienced a surge in support over recent weeks. A primary win for Jara would represent a boost for the Right as a sizable number of left-of-center voters would balk at voting for a candidate from the PC in the November presidential election. A Toha primary win would help keep the Left in the race, though her path to overall victory still looks narrow.

## AFRICA

### Kenya

**Nationwide rallies are planned for 25 June to commemorate the 2024 Gen-Z protest movement.** Demonstrations over the last 10 days, triggered by the death in police custody of a young teacher, have already increased scrutiny of police brutality. The febrile political climate may sustain protest momentum in the near term, with repression and state-sponsored political violence also contributing.

### Great Lakes Region

**On 27 June, the foreign ministers of Rwanda and the Democratic Republic of Congo (DRC) are scheduled to sign a US-brokered peace agreement.** According to the US State Department, the deal will include provisions regarding territorial integrity, cessation of hostilities, disarmament, refugees, and regional economic integration, alongside US critical minerals deals with both countries. The details remain vague and past peace deals have fallen apart. Still, the US government seems keen to announce a peace deal amid escalating conflicts elsewhere and may hope that its pressure will achieve progress with the two governments and the Rwanda-backed M23 rebels.

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